



Strawberry Fields Condominium Association South Windsor, CT 06074

Resolution #17 - Water Leak Scenarios

May 19, 2014

Dear Unit Owner,

This letter is an updated version of the letter originally sent to all owners in 2009. Revisions are related to the impact of any non-compliance with the Association's adopted **Unit Owner Maintenance Standards** (Resolution #12). As a reminder, these standards which have previously been provided to you, were adopted as per revisions to the CT Common Interest Ownership Act.

The recent water leak insurance claim for one of our units and other "roof" water leak problems and repairs over the last couple of years have raised a number of questions regarding how different water leak scenarios are properly handled by the Association. We have tried to address these questions based on our interpretation of the appropriate sections of our governing documents and provisions of the master insurance policy.

The Association has an obligation to arrange for damage repairs either with its own contractors or via an insurance claim, when appropriate. For non-insured repairs, the cost will typically be shared by both the Association and the owner of the damaged unit. For insured repairs, the Association will, in general, be responsible for any costs below the deductible amount of the master policy. In both situations, damage caused due to any negligence or failure on the part of the unit owner to effectively comply with the Association's Unit Owner Maintenance Standards will require the full repair cost or the full deductible to be assessed against the unit.

The following information is provided in order to make clear the Board's understanding of the requirements of our Declaration and to establish the basis upon which scope of work and cost sharing decisions will be made in the future.

Non-insured Repairs

For such situations, the following clauses in our Declaration apply:

Section 6.1 – Common Elements. The Association shall maintain, repair and replace all of the Common Elements, except the portions of the Limited Common Elements which are required by the Declaration to be maintained, repaired or replaced by the Unit Owners.

Section 6.2 – Units. Each Unit Owner shall maintain repair and replace at his or her own expense, all portions of his or her unit, except the portions thereof to be maintained, repaired or replaced by the Association.

Section 6.5 – Repairs Resulting From Negligence. Each Unit Owner shall reimburse the Association for any damages to any other Unit or to the Common Elements caused intentionally, negligently or by his or her failure to properly maintain, repair or make replacements to his or her Unit. () The Association shall be responsible for damage to Units caused intentionally, negligently or by its failure to maintain, repair or make replacements to the Common Elements.*

* This includes damage caused due to any negligence or failure on the part of the unit owner to effectively comply with the Association's Unit Owner Maintenance Standards.

Based on the definition of Unit Boundaries in the Declaration, the interior wall/ceiling paint and wall coverings are part of the Unit. Therefore, the cost of restoration of any water damage to these finishes is the responsibility of the Unit Owner, unless the Association has failed to properly maintain or repair the Common Element that is the source of the water leak.

To date, the source/cause of all the roof/chimney leaks that have been investigated and repaired has been assigned to construction defects for which the Association cannot be held responsible. To the degree that the repair of a promptly reported leak, regardless of cause, is delayed or not effectively repaired and this results in added interior damage, the Association shall share with the owner in the cost of interior paint repair.

Therefore, unless the Association has been negligent, the Association shall repair at its cost the defective common element and any water damaged common elements such as sheetrock, joint tape, compound and primer paint. The cost of repair of the finish paint and/or wall covering shall be the owner's responsibility.

The Association shall obtain competitive quotes for the repair work, with the cost of the Association and owner's portion identified. The owner is free to use the Association's contractor, a contractor of their choice or use the do-it-yourself approach. In the case of when the Association shall be responsible for paint repair, the extent of that work shall be limited to the general area of the water damage. More extensive repainting that may be desired by the owner shall be at the owner's cost.

Insured Repairs

For insured losses, the cost is covered by the insurance company; less the current deductible of the master policy. Unlike a repair situation as described above, in an insured loss, damage to both the common elements and the unit is covered. Damage to paint and/or wall coverings is covered. However, the extent of that work shall be limited to the general area of the water damage. More extensive repainting that may be desired by the owner shall be at the owner's cost. The deductible part of any claim is a common expense shared equally by all the owners unless it has been determined that the damage was caused due to negligence or failure on the part of the unit owner to effectively comply with the Association's Unit Owner Maintenance Standards, in which case the full deductible amount will be assessed against the unit.

In cases where the repair cost is less than the policy deductible, the entire cost of the repair will be a shared common expense unless it has been determined that the damage was caused due to negligence or failure on the part of the unit owner to effectively comply with the Association's Unit Owner Maintenance Standards, in which case the full repair cost will be assessed against the unit. We must be cautious about filing insurance claims when the loss is only somewhat over the deductible amount. The Board will evaluate these cases and make this determination. When we choose not to file a claim, then the entire cost of the repair is a common expense or assessed against the unit when appropriate.

Please see the attached pages for a discussion of various water leak scenarios. In the case of any disagreement, this informal information is superseded by the legal interpretation of the language of the Association Declaration documents, as well as the declaration and terms of the master insurance policy and your individual unit policy. If you feel that the Board's interpretation is in error, we welcome your constructive opinions. If you have concern about any of this information, you are encouraged to work with the Association's insurance agent and your personal insurance agent to clarify your coverage.

The following are important actions that you can take to minimize the risk or extent of water damage in your unit (please see the Unit Owner Maintenance Standards for a complete list):

1. During a prolonged absence: a) arrange for your home to be periodically checked, b) turn off the main water supply, and c) maintain a temperature sufficient to prevent freezing of water pipes. If action b) cannot be done, close water valves to all fixtures and appliances that do not require water during your absence. Based on past experience, it is critical that all rooms of your home are checked during a prolonged absence in order to mitigate the extent of any possible water leak damage.
2. Replace standard washing machine hoses with braided stainless steel, burst-proof hoses.
3. Inspect the base of your water heater periodically for signs of rusting or water seepage. At the first indication of a problem, repair or replace the water heater.
4. Periodically inspect around the dishwasher, refrigerator, clothes washer, sinks, and toilets for signs of leaks and make the necessary repairs.

Any steps taken to mitigate water leak damage is a financial savings to the entire community.

Adopted by vote of the Executive Board on May 19, 2014.

President, Leon Roy

Water Leak Scenarios

Damage to the unit or common elements caused due to any negligence or failure on the part of the unit owner to effectively comply with the Association's Unit Owner Maintenance Standards will require the full repair cost or the deductible to be assessed against the unit.

Scenario #1 – A water pipe leaked (burst) and caused interior damage.

Water leak damage to the unit resulting from the sudden, unanticipated bursting or leaking of a water supply pipe is covered under the master insurance policy. A loss may be excluded if the pipe failure is a result of freezing and reasonable care was not used maintain heat in the unit or the water was not shut off. A loss due to a slow leak, over an extended period, is not covered as this is considered by the insurance company to be a maintenance failure. The cost to repair the damaged pipe is not covered. The Association, under the master policy, has no responsibility to restore water leak damage to personal property and furnishings.

Scenario #2 – The water heater (dishwasher, clothes washer, refrigerator, sink, toilet, tub, etc.) leaked or overflowed and caused interior extensive damage.

Water leak damage to the unit resulting from the sudden, unanticipated bursting, leaking or overflowing of an appliance, fixture or the water supply pipe servicing that component is covered under the master insurance policy. A loss may be excluded if the failure is a result of freezing and reasonable care was not used maintain heat in the unit or the water was not shut off. A loss due to a slow leak, over an extended period, is not covered as this is considered by the insurance company to be a maintenance failure. The cost to repair a damaged water supply pipe or broken appliance is not covered. The Association, under the master policy, has no responsibility to restore water leak damage to personal property and furnishings.

Scenario #3 – The roof leaked and caused damage to the interior and furnishings.

The roof is a common element, therefore the Association is generally responsible for determining the cause of the leak and correcting the defect. Unless there has been a failure to properly maintain the roof, the Association is required to restore water leak damage only to the common element portions of the interior. A portion of the cost of repairing extensive interior damage due to a delay in the prompt reporting of a leak shall be the owner's responsibility. The Board, after evaluating input from the repair contractor, shall have the sole discretion in assigning this responsibility. Water intrusion damage to the interior that results from roof damage caused by windstorm, hail or ice dam, is covered by the master insurance policy. The Association, under the master policy, has no responsibility to restore water leak damage to personal property and furnishings.

Scenario #4 – Water leaked into the interior due to a defect in a wall, window, door, etc. and caused damage to the interior.

This type of water leak is referred to as seepage. The walls, windows, doors, etc. are common elements, therefore the Association is responsible for determining the cause of the leak and correcting the defect. Unless there has been a failure to properly maintain these components, the Association is required to restore water leak damage only to the common element portions of the interior. A portion of the cost of repairing extensive interior damage due to a delay in the prompt reporting of a leak shall be the owner's responsibility. The Board, after evaluating input from the repair contractor, shall have the sole discretion in assigning this responsibility.

Scenario #5 – Water leaked into the basement (walkout lower level) through the foundation/floor and caused damage to the interior and furnishings.

This type of water leak is referred to as seepage. The foundation and slab floor are common elements, therefore the Association is responsible for determining the cause of the leak and correcting the defect. As the master insurance policy considers this peril to be a maintenance issue and does not cover any associated loss, the Association has no responsibility to restore water leak damage to the basement interior or to personal furnishings.

Scenario #6 – Water backed up into the basement (walkout lower level) through the sewer drain system and caused damage to the interior and furnishings.

This is an excluded peril under most insurance policies. However, under the Association's master policy such an event and resulting damage to the unit is covered to a very limited extent. If you desire further protection, then an endorsement on your personal policy is appropriate. The Association, under the master policy, has no responsibility to restore water leak damage to personal property and furnishings.

Scenario #7 – A flood caused water to flow into the basement (walkout lower level) and caused damage to the interior and furnishings.

The term *flood* has a specific definition relative to insurance coverage. A *flood* results from surface water, waves, tides, an overflow of a body of water, etc. The master policy typically excludes all *flood* losses. Under the Association's "premium" form of master policy, there is limited coverage for *surface water* damage. *Surface water* is defined as water or natural precipitation diffused over surface of the ground until it either evaporates, is absorbed by the land, or reaches channels where water naturally flows. All homeowner policies exclude "flood."