

DISCLAIMER OF LIABILITY

Executed by its Board of Trustees for and in behalf of all its Homeowners

**POLICY STATEMENT TO HOMEOWNERS REGARDING INSURANCE COVERAGE AND
LIABILITIES OF EACH UNIT OWNER**

Originally Adopted: 1988, Reviewed and re-adopted: 9/18/98
Sports Village Condominiums Phases I, II, III, IV

This notice is written to inform you of a long standing policy that has been reviewed and re-adopted in successive years for inclusion in the "Rules, Regulations, and Policies for Sports Village Condominium Owners Association" handbook. This policy is reaffirmed after careful review of our current blanket insurance coverage and comparison with the "Conditions, Covenants, and Restrictions" and "By-Laws" of the Association.

Water problems and the resulting damages are a real concern which affect every homeowner. From the time we became responsible for the blanket insurance coverage on this property, all losses to date have been water related. Homeowners have been counseled repeatedly since 1986 to appraise their water situations and attend to leaky valves, water heaters, and other appliances. Article VI, Section 2 (a) of the "By-Laws" on the project places the liability for damages squarely with each homeowner:

"Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted would affect the project in its entirety or in a part belonging to other owners, being expressly responsible for the damages and liabilities that his failure to do so may cause."

Many instances of loss can be averted through proper maintenance of the water carrying fixtures and piping of the unit. If valves become old, worn, or leak; they should be promptly replaced. Water heaters should be checked periodically. Look for evidence of rust or corrosion. If the heater is more than five years old consider replacing it. Gaskets and seals on washers, dishwashers, faucets and water service to refrigerators should be checked periodically. Simple maintenance will prevent the majority of water problems causing damage to a unit or units.

Due to the nature of condominium living, common courtesy among neighbors is expected as well as assuming the responsibility for and working with each other when unfortunate situations arise. Homeowners may unnecessarily expose themselves to nasty legal repercussions because of failure to 'neighborly' work things out. With the intent to foster and enhance the proper frame of mind for resolving these sticky issues, the homeowners association will respond to any situation involving a threat to property. We will inspect, assess damage, and file a report regarding responsibility for such incidents and forward copies to the parties involved. We would then ask that you work through the matter yourselves as deemed appropriate and we will facilitate repairs or restitution in whatever way we may be asked.

As indicated above, our insurance policy was reviewed by our new carrier and compared

with the Covenants, Conditions, and Restrictions and By-Laws of the Association. As a result of this review, several concerns have come to light which affect every homeowner. There are clear cut definitions in the C C & R's concerning what belongs to a unit and what pertains to the common area. Our blanket policy covers expressly those areas which are considered common areas and damage to common areas. This is what our policy must provide and cannot infringe or be brought into contribution with insurance held by individual owners. In other words, the areas that are defined by our legal documents as constituting a unit are the property and responsibility of that unit owner, not the Association. Those areas defined as pertaining to a unit, as defined by the C C & R's are:

“Mechanical equipment and appurtenances located within any one unit or located without said unit but designated and designed to serve only that unit, such as appliances, electrical receptacles and outlets, air conditioning and compressors and other air conditioning apparatus, fixtures and the like, shall be considered part of the unit, as shall all decorated interiors, all surfaces of interior structural walls, floors and ceilings, and trim consisting of, inter alia and as appropriate, wallpaper, paint, flooring, carpeting and tile. All pipes, wires, conduits, or other public utility lines or installations constituting a part of the unit and serving only the unit, . . . shall be considered part of the unit.”

This means that in the event of damage, whether caused by water, fire, or whatever; either inside of the unit or outside of the unit, it is the responsibility of the owner. Our policy does not cover your carpet, paint or wallpaper because that pertains to each unit and should be covered by your own individual policy. If a pipe in a wall breaks or leaks and it serves your unit and only your unit, it is your property as well as your responsibility for the resulting damage because our policy, in effect, ends at the main valve and if the line serves your unit only, it is considered part of the unit whether it's in the wall or inside your unit. If the resulting damage occurs due to a broken common line, then our coverage also stops at your doorstep in that if carpet or furnishings are damaged, our policy does not cover those losses.

Hopefully you will recognize the need to carry your own individual policy and insure that it does cover all aspects of the definition of a “unit.” If you don't have that coverage, the potential for problems is that much greater and becomes a liability that each owner will have to absorb. The Manager or Board of Directors may be able to recommend certain policies or endorsements for inclusion in your policy, but generally an HO 6 policy is standard for condominium owners and some companies may carry a more deluxe HO 6. Just make sure that the structural coverage portion of the policy is adequate. If you rent your unit or have a multiple ownership situation, generally the standard HO 6 policy will not provide the coverage you need. Please make sure with your agent, or an adjuster for the company which represents you, that you have the coverage that is adequate in view of this policy statement.

We would appreciate having a copy of the certificate of insurance on your individual condominium. We will maintain the copy in our files. If there are other areas that are unclear, feel free to contact the Manager or Board members.

For further information and explanation on the procedures for handling water leaks, please ask at the office for a copy of "Procedures on Water Leaks Within Sports Village Buildings."

This disclaimer and policy statement was originally presented in 1988, subsequently reviewed and re-adopted on September 18, 1998 and has been reaffirmed by the Board of Trustees on January 16, 1999. It has been approved for recording with the Washington County Recorder's Office as its formal notice and disclaimer for all interested parties and homeowners and further that a copy will subsequently be mailed to all homeowners by certified mail.

Signed: Beth Nichols
Beth Nichols, President
Sports Village Condominium Owners Association
Board of Trustees

STATE OF UTAH

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COUNTY OF WASHINGTON

Beth Nichols, upon being first duly sworn, deposes and says that she is the President of the Sports Village Condominium Owners Association and affirms that the above titled Disclaimer of Liability and Policy Statement to Homeowners Regarding Insurance Coverages and Liabilities of Each Unit Owner was adopted by the Board of Trustees at its Board of Trustees Meeting held January 16, 1999 and is deemed binding on all unit owners and their successors.

DATED this 27 day of January, 1999

Betty Bergren
NOTARY PUBLIC

MY COMMISSION EXPIRES: 5-20-20

