

Thanks to all the homeowners in the community that attended our meeting on 3/15/18 regarding our Insurance Policy. The feedback received during that meeting has been instrumental in assisting the Board in adjusting our policy and better defining the limits of the insurance in the policy covering our Association. Following is a list of questions and answers that arose from the meeting:

Q: What does the Association's insurance policy cover?

A: The Association's policy is the primary policy for *Property Damage* claims to all areas of the community including Common Areas (Clubhouse, Pool, Greenspaces), Limited Common Areas (Driveways, Walkways, Patios), and Units (as originally built), regardless of whether the Association or the Homeowner is responsible for maintaining these areas. The Association's policy also provides *Liability* coverage for claims arising from Common Areas and areas maintained by the Association.

- The Association's policy covers the restoration of Common Areas and Limited Common Areas.
- The Association's policy covers the restoration of Units to their state as originally built.
- The Association's policy does not cover modifications to Units beyond the state of Units as originally built, i.e., beyond the state of each Unit at the time it was sold by the developer. Such modifications are considered "improvements".

Q: Why is the deductible \$10,000?

A: The Board has re-negotiated our Association's Policy and reduced the Policy's deductible to \$5,000 to be in better alignment with 2016 GA Code S 44-3-94.

- No-Fault claim (i.e.: wind & fire) deductible is assessed per incident, Fault claim (i.e.: indoor water damage) deductibles are assessed per unit.

Q: Who pays for the deductible?

A: In the event of a property damage claim to Units(s) or Limited Common Element(s), the Association will assess the impacted Homeowner(s) the amount of the deductible. Property Damage deductibles are assessed regardless of who maintains the impacted areas, including parts of Units that are maintained by the Association, such as a roof [2016 Georgia Code S 44-3-94 & 107].

- Declaration, page 5, defines the vertical boundaries of each Unit to be the "outermost surface of the exterior walls of the building". The Declaration defines no horizontal boundary. Damages to any part of the Unit or apparatus, such as air conditioning compressors, that serves only that Unit are deemed to be part of the Unit.

Q: Why does the Homeowner have to pay the deductible?

A: The 2016 GA Code S 44-3-94 & 107 specify that the Association is responsible for obtaining insurance, less deductibles, and that the deductible is to be assessed to the impacted homeowners. Homeowners may choose to obtain a personal homeowners insurance policy that includes "Loss Assessment" coverage, which would help to offset any assessment by the Association arising as part of a claim. The Association recommends that homeowners maintain a personal homeowners insurance policy that includes at least \$5,000 in Loss Assessment coverage. This coverage is usually very inexpensive.

Q: What happens in the event of a claim?

A: The Association's policy covers reconstruction to as-built conditions, with coverage of \$114/sqft in reconstruction value (the average cost of reconstruction in our area is \$100/sqft). Once the proceeds of the claim are paid by the Association's insurance company to the Association, the Board will establish a construction fund to manage the funds used to restore the impacted areas to their state as originally built. In addition, the homeowner will be responsible for contributing the amount of the \$5,000 deductible to the construction fund, as well as additional funds in order to restore betterments. Depending on the terms of the homeowner's personal insurance policy, additional funds to restore betterments may be available under that policy.

Q: What about improvements made after the home was built?

A: Homeowners are responsible for restoring any improvements made to the Unit and Limited Common Elements serving the home. Homeowners can obtain "Betterment and Improvements" coverage through their personal insurance policy that will cover restoring square footage in excess of what is insured by the Association as well as any other post-construction betterments. The Association has purchased \$10,000 worth of this coverage per Unit. Please review your condominium policy with your insurance agent to determine whether you should consider betterments coverage in excess of this \$10,000.

Q: Who covers claims in Common Areas?

A: Property Damage and Liability claims in Common Areas, including the deductible are the responsibility of the Association. Limited Common Area claim deductibles (common spaces like driveways that serve only one home) are the responsibility of the homeowner. If there is a claim that includes any improvements to Common Areas done by a homeowner that are not maintained by the Association then the entire claim would be the responsibility of the homeowner.

Q: So, what insurance should a Homeowner get?

A: There are four basic areas that should be covered by your personal insurance policy:

- Loss Assessment (covers deductibles and other costs arising from a claim that are assessed to homeowners by the Association)
- Betterments & Improvements (covers restoration need beyond a Unit's as-built state)
- Personal Property (the things in your Unit that are not permanently attached to the Unit)
- Liability (in the home, and areas outside the home maintained by the homeowner like Limited Common Elements and improvements to Common Elements)