

WATERFORD VILLAS HOMEOWNERS ASSOCIATION
PROCEDURE FOR PROPERTY INSURANCE AND PROPERTY CLAIMS
EFFECTIVE December 31, 2024

Pursuant to the Amendment to the Declaration of Covenants and Restrictions for Waterford Villas Homeowners Association and the Addendum to Procedure for Property Insurance and Property Claims, the Association hereby revokes any prior rules and procedures regarding insurance and enacts the following rules and procedures.

ITEM I. PROPERTY INSURANCE

The Association shall provide a Master Policy of property insurance to cover the common property and the Units for Earthquake and Special Causes of Loss, which generally covers all losses except those specifically excluded, such as, but not limited to flood, insect damage, wear and tear. Coverage under the Master Policy includes replacement cost on the buildings and the Units. Units include attached interior finishing such as carpeting or other flooring, plumbing and lighting fixtures, built-in appliances and cabinets. ***Improvements and additions made by Owners are also covered on the Master Policy.***

ITEM II. MASTER INSURANCE POLICY DEDUCTIBLES

The Master Policy deductible is \$20,000 for covered losses, other than wind, hail, and earthquake. The Master Policy Wind & Hail deductible is **5%** of each building's insurance limit. A 2025 estimate of each owner's share of damage below the Wind and Hail deductible ranges from **\$16,123 - \$29,167**. The Master Policy Earthquake deductible is **10%** of each building's limit. A 2025 estimate of each owner's share of damage below the Earthquake Deductible ranges from **\$32,345-\$58,334**. Since the insurer does not pay for the first dollars of repair or reconstruction below these deductibles, the responsibility to pay for the damage below the deductible, and any future deductible, shall be as follows:

Wind or Hail damage shall be allocated to Owners according to statute and the Association's governing documents, including Rules. This should be guided by legal counsel.

For Damage other than Wind or Hail,

1. **If a loss is to the Common Property only**, the damage below the deductible shall be paid by the Association. However, if such loss is caused by the negligence of an Owner or their household member, then the loss shall be paid by that Owner.
2. **If a loss involves one Unit**, the Owner shall be responsible to pay the damage below the Master Policy deductible.
3. **If a loss involves more than one Unit**, then the Owners involved in the loss shall share the amount of damage below the Master Policy deductible equally, not to exceed the amount of damage to their respective Unit, except:
If a loss originates in a particular Unit, the damage below the Master Policy deductible shall be paid first by that Owner, not to exceed the amount of damage to their Unit. The remainder of damage below the Master Policy deductible shall be shared equally among the other Owners who sustain damage, not to exceed the amount of damage to their respective Units.
If the loss is caused by the negligence of an Owner or their household member, then the damage below the Master Policy deductible shall be paid by that Owner in full.

ITEM III. OWNERS' RESPONSIBILITIES

Each Owner should purchase a Unit Owner's Policy to cover their personal property, personal liability, and the first dollars of their Unit damage below the Master Policy deductibles. The policy should include Special Form, Earthquake, Sewer or Drain Back Up, Additional Living Expenses, and Loss Assessment coverage. The Dwelling Limit should be high enough to cover damage below the largest Master Policy deductible. Each Owner is responsible for the deductible on his own personal policy, regardless of the cause of loss.

ITEM IV. NON COVERED LOSSES

The Association is not responsible for property losses occurring to property owned or used exclusively by an Owner when the loss is not covered by the Association's Master Policy.

ITEM V. DISCRETION REGARDING CLAIMS

The Association reserves the right to NOT file small claims to protect the insurability of ALL the Owners. Such claims could include willful, intentional, or negligent conduct, vandalism, or malicious mischief. It could also come from grilling damage or the use of heating devices. Negligent conduct includes, but is not limited to, failure to maintain a temperature of at least 62 degrees Fahrenheit when the outside temperature is below freezing.

ITEM VI. ADJUSTMENT OF LOSSES

The Board shall adjust all losses covered by the Association's Master Policy. No Owner shall have the right to adjust a loss directly with the Association's Insurer, even for damage solely to their Unit. The Owner shall give the Association and its contractor reasonable access to their Unit to adjust and repair the Unit and any damaged adjoining Units.

The Association, through its own agents and contractors, shall repair all damage, but may approve contractors hired by Owners if a firm written proposal is approved by the Board in advance. In the event an Owner shall employ their own contractor, the Board may pay the contractor directly, but only after the work has been inspected or certified that it is fully completed according to the allowed adjustment by the insurer, all lien waivers are received, and the Owner signs any required release. If the Owner does not fully repair the Unit according to the insurer's allowed adjustment, any excess insurance funds will be held in trust until the work is completed. If the work is not completed within 180 days of the date of loss, then the "Actual Cash Value" of the damaged property, (Replacement Cost less depreciation), may be distributed to the Owner, unless the Board decides it is necessary for the Association to complete the repairs in order to protect the interests of other Owners.

The Master Policy premiums are common expenses of the Association, which are provided for in the assessments paid by the Owners. All assessments shall be paid in full prior to any disbursement of insurance proceeds to any Owner for their damage. Upon written instructions by an Owner, the Board shall apply all or a portion of any insurance proceeds first to payment of delinquent assessments, and then disburse the balance of such proceeds to the Owner for repair of the Unit.

The undersigned Board Member hereby executes the foregoing rules and procedures, and certifies that these have been duly adopted by the Board.

Name and Date J. E. Hill 12/17/2024

WATERFORD VILLAS HOMEOWNER'S ASSOCIATION
ADDENDUM TO PROCEDURE FOR PROPERTY INSURANCE AND PROPERTY CLAIMS

SECTION 1 – REPORTING A CLAIM

1.1 REPORTING: If an incident occurs in your unit that may be subject to insurance coverage the steps to take are as follows:

- A. Immediately call someone from the WVHOA Insurance Committee.
 - i. Points of contact are:

Don Hammond	<u>314-920-1039</u>	
Gary Smith	<u>636-980-0361</u>	
Clint Moor	<u>636-561-2501</u>	cell <u>636-699-9628</u>
David Fred	<u>636-265-0168</u>	
Ron Salmier	<u>314-691-5063</u>	
- B. After contacting the insurance committee, call the agent from whom you purchased your HO-6 building and contents coverage.
- C. The adjuster from your HO-6 carrier will determine if the damage exceeds the portion of the master policy deductible for which you are responsible
- D. If the incident needs to be reported to the Master Policy carrier, the WVHOA Insurance Committee member will make the report. Unit Owners should not report a claim directly to the Master Policy carrier.

1.2 DAMAGES: If the damage to the building is clearly under the Master Policy deductibles – but above the unit owner’s HO-6 deductible - the unit owner will work directly with their HO-6 insurance carrier and the WVHOA Insurance Committee and Architectural Control Committee in resolving their claim.

Under those circumstances, the unit owner should simply follow the directives given by their HO-6 carrier’s claim representative e.g., determine the scope of damage, obtain estimate(s) from the agreed-upon contractor(s), have the damage repaired, and proceed through with the final resolution of the claim.

In those instances where damage is sustained to the unit's exterior, the WVHOA Architectural Control Committee will be required to review the scope of damage and approve the work to be done on the exterior.

1.3 DAMAGES EXCEEDING THE MP DEDUCTIBLES: If the damage in the incident exceeds the Master Policy deductible, the representative from the WVHOA Insurance Committee will coordinate with the unit owner in the further handling of the claim consistent with the “Waterford Villas Procedure for Property Insurance and Property Claims”. The Owner is responsible for the first dollars of damage under the Master Policy deductibles

The coordination of the claim handling between the HO-6 carrier and the Master Policy carrier is vital in determining damages and any of the other specifics pertaining to the handling of the claim.

1.4 SPECIFICS OF CLAIM HANDLING INVOLVING BOTH THE HO-6 AND MASTER POLICY

CARRIER: In the implementation of the claim handling, the WVHOA Insurance Committee provide coordination to ensure the following steps will be taken jointly (but not limited to):

- A. Determine the estimate of damage as to what repairs are necessary by working with the Master Policy insurance adjuster.
- B. Obtain estimates for repairing the agreed estimate of damage by working with the Master Policy insurance adjuster.
- C. Select the proper contractor for completing the work. The contractor must work from the estimate provided by the adjuster(s).
- D. Award the job to the contractor chosen by working with the insurance representatives from both carriers.
- E. Upon the awarding of the contract(s) both the unit owner and the WVHOA representative's signatures will be required when executing the contract(s).
- F. Finalize the completion of the work to the satisfaction of the unit owner and the WVHOA representative.

NOTE: This coordination of claim handling becomes even more significant should the damage involve both units in a building, with each unit owner having different carriers for their HO-6 coverage.

1.5 RESOLVING OF CLAIM: After the scope of repairs, the estimates and choice of contractor has been resolved, and the claim is ready to be settled, the settlement proceeds will be segregated as follows:

- A. The Master Policy's carrier will issue their portion of the settlement proceeds payable to:
 1. "Waterford Villas Homeowner's Association Insurance Trustee."
 2. Owner will remit payment for their share of the damages under the Master Policy deductible payable to "Waterford Villas Homeowners Association."
 3. The WVHOA Insurance Trustee will hold the settlement proceeds until all work has been completed to the satisfaction of the unit owner and the WVHOA representative.
 4. Once the work has been completed and approved, the proceeds from the Master Policy will be distributed as directed by the WVHOA representative.

1.6 EMERGENCY REPAIRS: Should the damage require immediate repairs to the structure, such as boarding up of windows or any other repairs to prevent further damage to the building, the unit owner and the WVHOA Insurance Committee representative will coordinate those efforts. If Insurance Committee is not available, take action to mitigate to prevent further damage.

SECTION 2 – DISPUTE RESOLUTION

2.1 RESOLVING OF DISPUTES: Should a dispute arise between the unit owner and the WVHOA Insurance Committee representative, the steps taken to resolve the dispute are as follows:

An independent party, agreed upon by mutual choice, will view the issues in dispute and resolve the issue(s) on behalf of both parties.

Such independent entities could be:

- A. A contractor,
- B. An architect,
- C. An engineer or
- D. Any other mutually agreed upon entity capable of independently reviewing the problem(s) and authoring a qualified opinion

If such a dispute develops and a third party needs to assist in the resolution of the dispute, it is agreed the cost of the independent entity will be borne equally by each party.