



March 25, 2014

This letter is meant to clarify insurance issues.

The association's declaration requires us to maintain the primary insurance coverage for the townhomes, which we do. But the owners are responsible for making the repairs. No insurance covers normal wear and tear (maintenance), but rather only the losses caused by a covered peril such as fire. Roofing and water damages caused by ice dams are covered.

- If exterior damage is caused by normal wear and tear then the association is responsible for repairing most items, including siding, painting, roofs, gutters, downspouts, landscaping, and asphalt – which we have always paid for. Some exceptions include glass, windows, doors, and foundations.
- If interior damage is caused by normal wear and tear then it is an owner responsibility.
- Insurance for the contents of the townhome and general liability within the homes is an owner responsibility.
- If a covered loss occurs (interior or exterior) the association can file a claim. The owner is responsible for the amount of the deductible. Insurance proceeds in excess of the deductible may be given to the owners by the association to help defray the costs of repairs. Nationwide will pay to repair or replace based on the coverages included in the policy.
- Most HO6 personal insurance policies include "loss assessment" coverage which can be used to offset the owner's responsibility to cover the association's deductible. For a very small cost the amount of this coverage can be increased from the usual \$1,000 to at least our \$2,500 association deductible. Owners should meet with their personal agent yearly (or when any changes have occurred) to review their coverage. A good agent will ask about the association's deductible, and also suggest that their policy cover temporary housing costs in the event that the home is not habitable. The association's agent will gladly assist you in reviewing your personal coverage needs in light of the association's policy.
- Just as most car insurance policies will only replace a 2002 car with a 2002 car, most home insurance only covers the cost to restore the home to what was originally constructed. Items such as flooring or HVAC equipment that you have upgraded are called betterments. A few insurance carriers, currently including ours, provide betterment coverage. But that might not always be the case. If it changes, the association will give you notice so that you can add betterment coverage to your personal policy.

We sincerely hope that any damage that you may have suffered this winter was somewhat contained and minimal. We are very sorry that you suffered any loss at all. But ultimately this was the result of the worst winter Charter Hall has ever experienced... an act of God. As I have said, we do our best, and we learn something new everyday. Please let us know the extent of any damages and if you want us to submit a claim on your behalf.

As always, please contact us with any questions, issues, or suggestions. You can email us at [info@desirabledwellings.com](mailto:info@desirabledwellings.com) or call us at 847-776-8222. Remember – we can't fix what we don't know about.

Thank you.  
The Board of Directors