

THE INSURANCE IS A MESS AND WE NEED TO FIX IT

- We are not CONDOOS
- You own your lot (the Land) and your portion of the building that contains your unit (referred to as improvements to your lot).
- No other member or the Association itself has ownership rights to your property. That also means we do not have an insurable interest to your property.
- If you have anything less than full homeowner's insurance coverage for your property you are under insured.
- Though the Association has a master policy as required by an improper amendment, it does not truly or fully cover your property.
- This creates a situation whereby you are paying for double coverage that you will not benefit from.
- We can fix this and save you money.

THESE AMENDMENTS WILL REDUCE YOUR COST, CLARIFY COVERAGE AND MAKE THE ENTIRE PROPERTY MORE SECURE

KEY POINTS TO UNDERSTAND

1. First, the Association does not own any portion of your unit or the lot that your unit is built on. Note: Your unit and all that encompasses it inside and out are referred to as "improvements" to the lot.
2. If CTHOA was a condominium, the Association (instead of you) would own the building that envelopes your unit. If we wanted to reorganize as condominiums it would require a great deal of money and a great deal of time and the work would require the services of attorneys, civil engineers, experts, approval by the town, and permission from your lenders with no guarantee of a successful outcome.
3. Individual unit owners do not own the common area. The common area is actually owned by the Association. Canterbury Townhouse Homeowners Association, Inc is that corporation. The Association is required to carry insurance on the common areas (parking lots, dumpster areas, etc). No portion of your unit or lot is in the common area.
4. The Association is responsible for maintaining the common areas owned by the Association. In addition, the Association does have limited responsibility for maintaining some portions of the building surfaces on the lots. The governing documents delineate these maintenance responsibilities that the Association will perform for the unit owners. It is important to understand that these are maintenance responsibilities only and should not be confused with your ownership, your liability, your responsibilities or your insurance requirements on your individually owned unit.
5. Our documents are explicit that the owner of a unit is solely responsible in case of fire, windstorms, neglect by the owner, etc. Because you are personally responsible for what you own (the lot and the improvements on it) you must have full homeowner's insurance coverage.
6. Unfortunately, the 1995 amendment (the amendment we must remove from our documents) required that the Association carry insurance on the buildings as well. This double insuring requirement is not beneficial for several reasons, not the least of which is the cost of the insurance. It also causes great confusion for owners as to who insures what and who owns what.
7. Bottom line - you cannot think of the Association's insurance as your own insurance. Many of you are well aware of this fact already but some individual owners are still trying to rely on the Association's insurance instead of securing their own. Important - If an individual owner does file a claim on the Association's insurance the unit owner will be charged back (assessed) by the Association for any dollars paid out. The unit owner will also be charged back for any administrative costs involved in recouping of the Association's funds.
8. During the past years the Board has been educating and advising owners of these insurance issues. But, incidents still occur where individual unit owners have filed claims against the Association's policy. The Board has worked hard to explain to owners that these claims should not be pressed on the Association policy by explaining that the Association will come right back to the owner to get the money back.
9. Meanwhile, as unit owners properly file their claims on their own policy some of your adjustors (without your knowledge) have tried to switch the claim from your policy to the Association's policy. Stopping this process is very time consuming for the Board as they work hard on your behalf to stop this in order to protect you because the Association will come back to you for the money if a claim is paid out on the Association policy.
10. The Association's own insurance agent is reportedly still telling owners (or your personal

insurance agents) that you only need a condominium insurance package (which is not correct for you). This is despite our efforts to correct the Association's agent through provision and review of a full set of our governing documents, information from the Association's attorney, and endless hours of discussion.

11. If all of the individual unit water damage incidents of the past year (we are aware of at least eight major losses) had actually been filed on the Association's policy the policy would have been cancelled by now because of too many claims - according to one of our current commercial underwriters.
12. We have tried and tried to stress to all unit owners their personal insurance responsibility but we are not certain that 100% of the owners have full coverage. It is possible there are still some units owners ignoring this information and reality.
13. If the Association were to carry only the insurance we need to have for what we own – it is estimated that our annual insurance costs would be dramatically lower (in the \$1000-\$2000 range) instead of \$15,000 we are currently paying. This will have a direct effect of lowering the amount of your monthly assessment.

WHAT WE HAVE DONE

The past several Boards have been struggling to understand what we have and how to sort out what the issues really are, and what the appropriate mechanisms are for correcting the current situation.

It has taken several attorneys, the right people with expertise in the commercial underwriting division of the insurance company and countless hours for research and discussion to come to an understanding of what we do need and how to achieve it.

The Board of Directors and the membership back in 1995 were well intended based on what they understood at that time. The experts now agree that they took the wrong and an inappropriate approach to resolve issues.

WHAT WE PROPOSE

We are now presenting to you an amendment as approved by our attorney, and as advised by the experts in the insurance company to rectify the problems once and for all. The following are being proposed as an amendment to the Declarations:

1. The Association must stop insuring property it does not own.
2. The Association will continue to be required to insure what it does own (very little).
3. All homeowners will be required to insure their real property.
4. To address the concern of a unit owner not rebuilding after a loss – all owners will be required to repair and/or rebuild their property.
5. The correct delineation of ownership, responsibilities and liability must be re-established.

As a result of these amendments, your interest will be more secure and your costs will be reduced.

THE NET RESULT WILL BE THAT YOUR PROPERTY WILL BE A BETTER VALUE.

TIME SENSITIVE

There is a time element to all of this. We need to start shopping for replacement insurance policies to have one in place for the start of the year – and to be able to budget for it. **We need your response by November 1, 2008.**

This Board is willing to commit to not only holding the current assessments level but even REDUCING the monthly assessments if both of our proposed amendments are passed

BECAUSE YOU
STILL HAVE FULL
LIABILITY AND
RESPONSIBILITY
TO INSURE YOUR
PROPERTY (LOT
AND THE
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SHOULD MUST
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HOMEOWNERS