

# **IMPORTANT Changes in The Village at Mayfaire Condominium Owners Association Insurance Coverage**

Homeowners should review the requirements below with their insurance agent to ensure that they have appropriate coverage. If you have questions, please feel free to contact our CAMS manager Todd Edmiston at [tvam@camsmt.com](mailto:tvam@camsmt.com) or (910) 256-2021.

Hub International provides the current Village at Mayfaire (TVAM) Property Insurance policy. Each of our units is protected by a two tiered level of property insurance. TVAM Condominium Owners Association insures the buildings, including the common elements, limited common elements, which we all jointly own and, to a limited extent, each unit.

In accordance with the Declaration of Condominium and Amendments, Section 11.1, TVAM master insurance policy covers the Unit structure and Developer supplied interior additions that are real property. Owner provided betterments and improvements as well as owner personal belongings within the unit are the sole responsibility of the Owner to insure.

**More importantly: In addition to Section 11.1, it is important for TVAM Owners to understand that Section 11.8, Insurance Deductibles, contains language, which provides that, in the event of a loss or damage to a Unit, the owners of the affected Unit would be subject to paying all or a prorated percentage of the Insurance deductible of our policy, which is currently \$10,000 for certain losses or damages; however, please take NOTE, damages caused by Water, Fire Sprinkler Leakage, Sewer**

**Backup, Freeze and Wind Driven Rain the Association's insurance deductible is \$25,000.**

Example: Suppose that three (3) units were damaged as result of a water pipe leak. The deductible for that loss would be \$25,000. Again referring to Section 11.8, the deductible would be prorated between the affected units and common areas.

Section 11.8 Insurance Deductibles. In the event of a loss or damage to the Common Elements, which may be covered by any insurance maintained by the Association, the deductible shall be paid as a Common Expense. In the event of a loss of damage to any part of a Unit or Units which a Unit Owner(s) is obligated to maintain, repair or replace which may be covered by any insurance maintained by the Association, the deductible shall be paid by the Unit Owner(s) affected. Whenever a loss or damage occurs which may be covered by any insurance maintained by the Association to the Common Elements and a Unit or multiple Units, the deductible shall be paid on a pro rata basis, based on the amount of the covered loss or damage received by the Unit Owner(s) and the Association as they are affected. For example: if a covered loss or damage occurs in the total amount of \$100,000, with a \$60,000 loss to the Common Elements, a \$10,000 loss to unit "A" and a \$30,000 loss to unit "B", the Association shall pay 60% of the deductible as a Common Expense, Unit Owner "A" will pay 10% of the deductible, and Unit Owner "B" will pay the remaining 30% of the deductible.

**It is strongly recommended that Unit owners carry a minimum \$25,000 of "Dwelling Coverage A" peril on their Unit Owner Policy (Usually called an HO-6 Policy). If you have remodeled or added betterments or**

**improvements to the interior of your Unit after your unit was delivered from the Developer, you should increase your coverage to include the additional improvements. For example, if you performed \$10,000 worth of additional improvements to your Unit it would be prudent to increase the "Dwelling Coverage A" to at least \$35,000.**

**It is also strongly recommended that you provide a copy of the Insurance Section (See Below) the TVAM Declaration of Condominium and Amendments and the Attachment included in the email to your insurance agent.**

ARTICLE XI.  
INSURANCE

Section 11.1 Property Insurance. The Association shall obtain and maintain at all times a policy of property insurance on the Buildings (ISO special form or its equivalent) in an amount not less than one hundred percent (100%) of the replacement cost of the Buildings at the time such insurance is purchased and at the time of each renewal thereof (excluding the cost of foundations and footings, the cost of any personal property supplied or installed by Owners and, at the option of the Association, excluding the costs of any improvements or betterments installed by Unit Owners), with a commercially reasonable deductible. The policy Shall be issued by an insurance company properly licensed to do business in the State of North Carolina, with a general policyholder's rating of at least "A-" in the most recent edition of the Best's Key Rating Guide: The policy shall provide that each Owner is an insured person with respect to his or her Unit and his or her allocated interest in the Common Elements. The policy shall contain an inflation guard endorsement, if available, and a construction code endorsement, if available, as well as a special condominium endorsement providing as follows: for waiver of subrogation against any Owner, and any Owner's employees or agents;

that it may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association and all insured's, including all Owners and Mortgagees; that no act or omission by any Owner will preclude recovery upon such policy; and that if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance. Each property insurance policy shall provide that adjustment of loss shall be made by the Association as insurance trustee. Each property insurance policy shall provide for the issuance of certificates or mortgagee endorsements to Mortgagees.

Section 11.2 Liability Insurance. The Association shall obtain and maintain a policy of commercial general liability insurance (current ISO form or its equivalent) in such limits as the Executive Board may, from time to time, determine, covering each member of the Executive Board, the managing agent, if any, and each Owner with respect to liability arising out of the use, ownership, maintenance, or repair of the Common Elements; provided, however, that in no event shall the limits of such policy ever be less than \$1,000,000.00 per occurrence. The liability insurance policy shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner, and shall provide that it may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association and to all insured's, including all Owners and Mortgagees. The Executive Board shall review such limits annually.

Section 11.3 Fidelity Coverage. The Association may obtain such fidelity coverage against dishonest acts on the part of all persons responsible for handling funds belonging to or administered by the Association as it may deem necessary. Any such fidelity insurance policy must name the Association as the named insured and shall be written in an amount as may be determined by the Executive Board, but in no event less than

one-half the annual budgeted amount of Common Expenses, or the amount required by any Mortgagee, whichever is greater.

Section 11.4 Other Insurance Policies. The Association shall be authorized to obtain such other insurance coverage, including worker's compensation or employee liability insurance, as the Association shall determine from time to time desirable or necessary.

Section 11.5 Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association and charged as a Common Expense.

Section 11.6 Distribution of Insurance Proceeds. All insurance policies procured by the Association shall provide that all losses shall be adjusted with and all proceeds shall be payable to the Association as insurance trustee. The sale duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes set forth herein and for the benefit of the Owners and their Mortgagees in the following shares:

(a) Proceeds on account of damage to the Common Elements shall be held in undivided shares for each Owner and his or her Mortgagee, if any, each Owner's share to be the same as such Owner's allocated Common Elements Interest.

(b) Proceeds on account of damage to Units shall be held in the following undivided shares:

(1) When the damage is to be restored, for the Owners of damaged Units in proportion to the cost of repairing the damage to each such Owner's Unit, which cost shall be determined by the Association.

(2) When the damage is not to be restored, an undivided share for each Owner, such share being the same as each such Owner's allocated Common Elements Interest.

(c) In the event a mortgagee endorsement or certificate has been issued with respect to a Unit, the share of the Owner shall be held in trust for the Mortgagee and the Owner as their respective interests may appear.

(d) Proceeds of insurance policies received by the Association as insurance trustee shall be distributed to or for the benefit of the Owners in the following manner:

(1) If it is determined, as provided in Article XII below, that the damaged property with respect to which the proceeds are paid shall not be reconstructed or repaired,

(A) The proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the rest of the Condominium;

(B) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the owners of these Units and Units to which those Limited Common Elements were allocated or to their Mortgagees, in proportion to their respective Common Elements Interests; and

(C) The remainder of the proceeds shall be distributed to all Owners or Mortgagees, as their interests may appear, in proportion to their respective Common Elements Interests.

(2) If the damage for which the proceeds were paid is to be repaired or reconstructed, the proceeds shall be paid to defray the costs thereof. Any proceeds remaining after payment of such repair costs shall be distributed to the beneficial Owners and their Mortgagees, if any, jointly.

Section 11.7 Insurance Obtained by Owners. Each Owner shall obtain and keep continuously in force additional fire and casualty and extended coverage insurance upon his or her personal property and upon all upgrades, improvements, betterments and fixtures. Each Owner shall obtain and maintain public liability insurance coverage in the amount of at least \$100,000.00 for bodily injury, including deaths of persons and property damage, arising out of a single occurrence. Each Owner shall file a Copy of each such individual policy with the Association within thirty (30) days after purchase.