

## Proposed Changes to Victorian Gables HOA Declaration of Covenants Summary

### 1. Article II, Section 2 Voting

- Refer to Article V, Voting Rights in the Articles of Incorporation which defines voting
- Remove conflicting language about voting from Covenants by changing Section 2 from:

Section 2. Voting. Each Lot shall be entitled to one (1) vote in the Association. Such vote may be represented in person or by proxy. The number of votes needed for approval depends upon the number of Lots present. For example, if the minimum number of quorum requirement of twenty-one (21) Lots are voting, then thirteen (13) Lots must approve. If a second member meeting is required, then the quorum is reduced to sixteen (16) Lots voting and ten (10) Lots must approve. Amending the Governing Documents requires the approval of sixty (60) percent of homeowners, 24 Lots. Dissolution of the Association requires sixty-six (66) percent of homeowners, 27 Lots.

to:

Section 2. Voting. Each Lot shall be entitled to one (1) vote in the Association.

### 2. Article XI Insurance

- Clarify Owner's potential responsibility if there is an insurable peril and encourage loss assessment coverage by changing Section 4 from:

Each Owner is liable for up to \$10,000, subject to the Association insurance deductible provision. Owners are advised to obtain Loss Assessment coverage to cover this \$10,000 liability. For example, should the roof of a particular Unit be damaged by wind or hail, that Unit Owner will be responsible for paying the deductible portion of the Association insurance. The average cost in 2015 for the wind/hail deductible for VGHOA units was \$4,326. Owners need both Loss of Use and Loss Assessment coverage.

to:

When a Unit is damaged by an insurable peril-- such as fire, lightning, wind, or hail -- the Owner of that Unit is expected to pay the amount of the repair or the amount of the applicable deductible of the Association's insurance, whichever is less. Owners are advised to obtain Loss Assessment coverage to cover this liability. It is important that Owners consult with their insurance agents to provide sufficient and appropriate Loss Assessment coverage.

- Change Section 8 Claims, Paragraph (a) from:

(a) The Association shall pay or absorb the deductible for any work, repairs, or reconstruction for damage incurred to areas for which the Association has a maintenance responsibility unless the damage is caused by the negligent or willful act or omission of an Owner, his family, or guests;

to:

(a) Unit owners are responsible for paying repair costs up to the amount of the deductible of the Association's insurance that applies to the type of damage, when their units suffer physical damage from insurable perils. (See sections 4 and 12 of this Article.)

- Change Section 9 Insurance Reserve Fund, from:

At the October 2, 2008, Board Meeting, the Board approved increasing the insurance deductible from \$5,000 to \$10,000 on the condition that an Insurance Reserve Fund be established. By the end of 2016, \$15,000 had been set aside for the Insurance Reserve Fund. The money in this Fund may NOT be used for any other purpose.

At the October 1, 2015, Board Meeting the Board approved changing the \$10,000 deductible, because of insurance changes, to a 2% deductible per Unit for wind/hail damage to roofs. Owners are liable for this 2% deductible and have been advised to have \$10,000 Loss Assessment coverage.

to:

The Association may set up a reserve fund to help pay those deductibles that are not the responsibility of individual owners.

- Change Section 12 Insurance Obtained by Owners from:

Each Owner shall be liable for up to \$10,000 as defined in Article XI, Insurance, Section 4, Rebuilding. Owners are advised to obtain Loss Assessment coverage in the amount of \$10,000 and also obtain Loss of Use coverage.

to:

As stated in Article XI, Insurance, Section 4, Rebuilding, each Owner shall be liable for repairs up to the amount of the applicable deductible of the Association's insurance. Owners are advised to obtain appropriate Loss Assessment coverage exceeding the amount of the highest potential deductible expense and also obtain Loss of Use coverage in their policies. Owners' policies also may be called upon

for claims if the proceeds from the Association's insurer are insufficient to accomplish complete rebuilding or repair (see Article XI, Section 4).

**3. Article XII Administration and Management**

- Clarify how to handle conflicts between the Articles of Incorporation and the Declaration of Covenants by adding the following sentence to Section 5, Conflicting Documents:

In case of any conflict between this Declaration and the Articles of Incorporation of the Association, the Articles of Incorporation shall control.