

## Understanding Homeowners Association (HOA) Insurance

Owning property in a homeowners association includes paying an annual insurance assessment on your property and an equally divided portion for other Association policies. When purchasing the property you are given the Master Deed and Bylaws that all unit owners are required to adhere to as part of living in that Association's community. This includes the insurance on the individual dwellings, all community common elements, liability policy, and directors and officers policy.

**Property insurance:** This policy covers all aspects of your home from fire, theft, wind and other specified perils. It's up to you, however, to insure the personal contents of your home. Under this policy other buildings such as the pool houses are covered.

**Liability insurance:** This is a major component of an HOA insurance policy. It helps when there are accidents or injuries that occur on common property. For example, if someone is hurt in a swimming pool accident, it could help defend the association in a lawsuit and pay any award in the case, up to the policy limit.

**Directors and officers insurance:** This coverage protects the association's officers and other officials from lawsuits they might face while performing their duties. This could include actions such as filing complaints or even foreclosure against a home or condo owner.

The Oaks of Fontenelle has the above stated policies which are overseen by the Association's Board of Directors. Coverage is for full replacement amount (amount determined by the insurance company based on the Sarpy County Assessors determinations but can be increased based on individual owner's own determination of replacement cost).

All insurance claims are handled through the President of the Association. The deductible is \$2,500 per unit per claim. Annual payment deadline is August 1<sup>st</sup> of each year. Notices are sent out approximately 30 days in advance of deadline.

Excerpt from the Master Deed:

*Insurance policies upon the condominium property including the structures but excluding the furnishings of individual Dwelling Units shall be purchased by and in the name of the Association for the benefit of the Association, the Owners (Members), mortgages and lien holders, as their interests may appear. The insurance shall cover common elements which include the building structure and fixtures, installations, interior walls and additions by an individual Dwelling Unit owner provided that all such items were (i) original installations, (ii) mere replacements thereof or (iii) have been installed by an Owner at the Owner's expense and include paint, wallpaper, paneling, tile, carpeting, air conditioners, cabinets, cooking ranges, clothes washers and dryers, electrical fixtures, dishwashers, fire extinguishing apparatus, plumbing fixtures and refrigerators. The Association coverage is intended to insure those permanently attached items which would not normally be removed in the event of a sale. Unit Owners are responsible to see that their values are updated in the event of added improvements.*