

MEMBER JOSH REAMS RECOMMENDATIONS

1.) 515B.3-113 - Adding language that requires members (homeowners) to carry an HO6 policy, including the addition of Loss Assessment coverage. Current language focuses on Association policy requirements. Item (f) currently states "Unit owners may obtain insurance for personal benefit in addition to insurance carried by association."

Rationale - both homeowners and the association are left exposed with no law requiring the homeowners to have such a policy. Many times the Association's specific governing documents state, to some degree, homeowners need to carry insurance. It is oftentimes vague or non-existent.

2.) 515B.3-113 - Adding language that requires the HO6 policy to add the Association as an additionally insured.

Rationale - tracking homeowners fulfilling their requirement to carry an HO6 policy is and will be a future focus for HOAs. Both homeowners and the Association are left exposed when homeowners do not have a policy, or when their policy expires or lapses. Adding the Association as an additionally insured would help the Association in policy notifications, allowing the Association to better track and control homeowner policies.

3.) 515B.4-107 - Adding language in the Resale Disclosure requirements that adds HO6 insurance requirements.

Rationale - the current section of the Resale Disclosure requirements (9) gives a broad view of the Association's insurance requirements for the master policy. Adding language for the requirements of an HO6 policies is important for both the member and Association position. This would further enhance the previously stated HO6 policy requirements in section 515B.3-113

4.) 515B.3-115 - carve out language that would remove assessments cap increases related to insurance premiums - or insurance as a common expense.

Rationale - 515B defers to the Association's specific governing documents on parameters related to assessment ("dues") increases. It's 50/50 on if Association's specific Declarations give the Board authority to increase assessments as they deem necessary; or if there is a "cap" on increases before it would go to a membership vote. Oftentimes this cap is 5% or 8%. With wild premium increases, Association Boards have had to go to the membership to ask for assessment increases to accommodate the insurance premium common expense. There needs to be language that would allow the HOA Board to adjust assessments, as necessary, when it relates to insurance premiums.