

**IMPORTANT INFORMATION ABOUT YOUR UNIT AT SEA PINES**

**“A GUIDE TO PREVENTING WATER DAMAGE”**

**AVOID DISASTERS: FOLLOW THESE SIMPLE STEPS**

**October 2012**

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**PLEASE READ THE FOLLOWING IMPORTANT INFORMATION CAREFULLY.**

**FAILURE TO TAKE THE PREVENTATIVE MEASURES DESCRIBED HEREIN COULD RESULT  
IN COSTLY DAMAGE TO YOUR CONDOMINIUM.**

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**WHAT YOU NEED TO KNOW:**

SECTION A: Precautions to take to prevent water damage whether or not you are closing your unit for the winter.

SECTION B: How to winterize your unit if you will be away for an extended period of time.

SECTION C: What you should know if you have a tenant.

SECTION D: Insurance coverage.

## **SECTION A**

1. WATER HEATERS should be replaced on or before their warranty date. This is particularly important if your water heater is located on an upper floor.
2. WASHING MACHINE HOSES should be replaced with stainless steel hoses if you have not already done so. Additionally, you should have a water shut off valve at your washer and it should be shut off at all times when your washer is not in use.
3. Thermostats should be set at 50°F or higher at all times.
4. If you will be away for more than 24 hours turn off the main water supply. Turn off the hot water circuit breaker to prevent burning out of the element, but **DO NOT** turn off other circuits. Main circuit breakers and breakers on smoke detector and heating circuits must be left on at all times.

WHILE THESE STEPS PROVIDE NO GUARANTEE AGAINST FREEZE-UPS OR OTHER PLUMBING FAILURES, THEY WILL GREATLY REDUCE ENSUING DAMAGE SHOULD SUCH FAILURE OCCUR.

## **SECTION B**

If you are closing your unit for the winter the ONLY WAY TO GUARANTEE that you will not have frozen pipes is to have your unit winterized by a LICENSED, INSURED PLUMBER. This involves applying compressed air to the main water line located outside your unit to remove all water from the line, pouring non-toxic anti-freeze into sink and tub drains and toilets, and special attention to appliances such as washer, dishwasher and icemaker. NOTHING LESS THAN THE ABOVE PROCEDURE WILL PROTECT YOUR UNIT FROM BROKEN PIPES.

## **SECTION C**

1. Be sure your tenant is fully informed regarding items 3 & 4 in Section A and regarding winterizing instructions if they will be away for an extended period during the winter months.
2. Notify your electric supplier that, if your tenant terminates their electrical service, it is to be continued without interruption in YOUR NAME, but under NO circumstances are they to terminate service completely.

## SECTION D

### 2011 Updated Condominium Unit Owners' Insurance Guidelines

#### Issues

#### Association Policies Larger Deductibles

#### Coverage Changes and Claim Handling on H06s & Dwelling Fire Policies (Unit Owner's Personal Coverage)

#### Suggested Resolutions for Unit Owners

1. Contact your agent. Confirm that your homeowner's insurance Company will cover the Master policy deductibles (see attached).
2. Increase Coverage A on H06 or Unit Owners' Building Coverage on Dwelling Fire Policies by a minimum of the Association's Deductible, plus any Improvements or Betterments Coverage.
3. If the answer is NO to item 1, you would be responsible for the shortfall.
4. Should you decide to leave all as is, you would become a self-insurer and cover the deductible. Loss Assessment will provide the policy limit of \$1,000 Loss Assessment coverage for deductibles.
5. Review the attached letter with your insurance Agent.

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The Sea Pines Condominium master policy is written in accordance with the Declaration of Trust and By-Laws of the Association, covering the buildings on a replacement cost basis as originally constructed. However, this does not include the furniture, personal property and/or improvements and betterments of the unit owner. This condominium package policy will include a **\$25,000 deductible** applicable to all property losses except windstorm which has a **\$150,000** per occurrence deductible. **The \$25,000 deductible will be paid by the Association. The \$150,000 deductible will be assessed to all the unit owners by percentage of beneficial interest.**

Therefore, it is advisable for **you and your agent** to review your current condominium unit owner's policy (HO-6) to be sure it provides for the following items:

1. Property coverage for Improvements & Betterments –Coverage A (Improvements & Betterments made to the unit subsequent to the original construction)
2. Personal Property of the Unit Owner – Coverage C
3. Loss of Use – Coverage D
4. Liability – Coverage E – for losses arising out of the ownership, maintenance and use of the individual unit
5. Loss of Assessments Coverage – Endorsement HO- 0435. A minimum of \$1,000 is recommended and included in your HO-6 policy; \$50,000 limit is the maximum available in Massachusetts

**We recommend that the following options be discussed with your agent.**

**Coverage A** – Building Limit – Coverage can be broadened to the “special” form via Form HO-1732.

**Coverage C** – Personal Property – Select a limit sufficient to cover furnishings, clothing, electronics, etc. This coverage is written on an actual cash value basis which contemplates depreciation. For an additional premium, personal property can be written on a replacement cost basis using Form HO-0490. This coverage can also be amended from a “named perils” basis to the “special” form via Form HO-1731. Should you have silverware, antiques, fine arts, etc, these items should be scheduled separately and appraisals submitted.

**Coverage D** – Loss of Use – The limit for this provision is usually 40% of the personal property limit. This coverage will provide for additional living expenses until the unit is repaired should there be damage from a covered cause of loss.

**Loss of Assessments** – The standard HO6 policy will automatically include a \$1,000 limit.

The above information is generic in nature. Please refer to **your insurance agent** for coverages that are specific to you. We have tried to come up with the recommendations for each unit holder to discuss with his insurer to make sure that the HO-6 policy and the master policy will work together at the time of a claim. The current carrier for the Association does not provide HO-6 policies.

The issue of adequate insurance can be confusing when it involves both the Master Policy and the HO6. Hopefully this document will provide a useful guideline when making your selection with **your agent**.

## **Sea Pines Condominiums I, II, III, IV**

As a member of a condominium association, you become the sole owner of your unit. But unlike buying a home, you also become a joint owner of the common areas (sidewalks, green areas, etc.) You and all other unit owners share in the cost of maintaining and servicing the common areas. The Association master deed and by-laws spell out methods of sharing expenses, such as maintenance upkeep of common areas and insurance requirements.

With respect to insurance, coverage for the physical structures, liability for the common areas, etc are all provided under the Association "master policy." Following is a brief description of the coverages provided by the master policy. This explanation can serve as a reference for your convenience. However, the actual terms and conditions of the policies would prevail in the event of any discrepancies.

### **Master Policy**

The property section of the condominium package policy encompasses all habitational structures, garages, porches, fixtures, machinery and equipment used to service the buildings. This policy does not cover appliances such as the stove and refrigerator nor any improvements and betterments to the units. Further, the master policy is not responsible for flooring, carpeting, drapes, wall coverings, fixtures, furniture, furnishings or other personal property supplied to or installed by the owner. The coverage is written on the broadest basis available covering the perils of fire, lightning, explosion, windstorm, hail, smoke, aircraft and vehicle damage, riot or civil commotion, vandalism, damage from the weight of ice, snow, sleet, water damage, falling objects, breakage of building glass, etc. The property losses under this policy are settled on a replacement cost basis which means that there is no reduction for depreciation or obsolescence. The settlement of all property claims excluding wind, contemplates a \$25,000 per occurrence deductible. The settlement of a Windstorm claim contemplates a \$150,000 per occurrence deductible.

The general liability section of the package policy protects other people and property from negligence on the part of the Association. The policy also includes personal injury protection for claims arising out of libel, slander, defamation of character, etc. There is a limit of \$1,000,000 applicable to the general liability and personal injury coverages. In addition, there is a \$15,000,000 limit on an umbrella policy over the primary liability policy.

## **Unit Owner Policy**

The master policy is not sufficient to cover all possible losses. As a unit owner, you must insure your private property and personal liability. To do this, it is necessary to purchase a unit owners policy. (HO-6) Following is a brief description of the provisions of the HO-6 policy.

The personal property coverage protects personal possessions located in your unit - furniture, clothing, linens, electronics, etc. Coverage is provided on a broad form "named perils" basis and can be written for replacement cost with no deduction for depreciation. It is recommended that \$25,000 building limit be included to cover the deductible on the master policy and those appliances, improvements and upgrades that are the responsibility of the unit owner. This policy also provides liability coverage on a comprehensive basis and protects you for loss resulting from bodily injury to others or damage to the property of others.

When purchasing insurance, the agent may wish to see the master deed and section of the by-laws pertaining to Insurance. This way the insurance agent will be able to provide the proper coverage and limits based on the Sea Pines Condominium documents.