

**BIG TROUT CONDOMINIUM ASSOCIATION
WATER-LOSS RESPONSIBILITY REMINDER**

Dear Big Trout Community Member:

The purpose of this letter is to provide a quick reminder regarding insurance and water-loss responsibility in our community. If you have any questions about these responsibilities, please contact Big Trout Condominium Association's ("Association") Board at bigtroutcondos@gmail.com.

1. Owner/Occupant Insurance Responsibility. Owner and Tenant insurance is addressed in the Washington Condominium Act at RCW 64.34.352(5). Owners and tenants are advised to obtain individual Unit insurance at their own expense. These are known as HO-6 (Owner) and HO-4 (renter) policies. These policies should include both property and liability coverage. The policies should also include insurance to cover the Association's deductible (and other uninsured amounts) reimbursement, damage to personal property and the Unit, loss of use, and loss assessment exposures. Coverage should be on a replacement-cost basis. The Association should be named as an "Additional Insured." Please be aware that the Association's deductible is now \$10,000.00 per claim for property claims.

The Board understands these requirements include technical language that may be unfamiliar to you. ***If you have questions about coverage, please seek assistance from your insurance broker and provide them with a copy of this letter along with Article 9 of the Declaration.***

2. Owner Responsibility for Insured Losses. If a loss occurs that is covered by the Association's insurance, then the Association will undertake the repairs and pay for the repairs with any available proceeds from the Association's insurance. (See Section 10.1 of the Declaration). ***However, an Owner or Owners may be financially responsible for the deductible (the amount of money the Association pays before its insurance company pays for insured expenses) and any other uninsured amounts (expenses that are not covered by the Association's insurance).*** "Uninsured amounts" may include, without limitation, costs associated with asbestos or mold abatement, and project management or general counsel expenses.

The Association has the authority to charge back Common Expenses caused by the misconduct of an Owner or tenant, guest, employee, or invitee of the Owner under Section 3.8 of the Declaration. Misconduct arguably includes a failure to comply with the governing documents, including a failure of or failure to properly care for a component.

In light of the foregoing, anticipate that an Owner may be responsible for the deductible and other uninsured amounts in situations in which the loss occurs as the result of, for example: (1) the negligent or intentional act or omission by an Owner, or anyone connected with that Owner, or (2) where damage results from the failure of, or failure to maintain, any portion of the Condominium, including any appliance, equipment, or fixture in a Unit, that the Owner is responsible to maintain in good working order and condition. (See Section 5.2 of the Declaration).

An Owner may be responsible regardless of whether the Owner caused the loss, or the loss originated from the Owner's Unit. Remember that you should have Unit insurance coverage to cover the

responsibility for the deductible amount and other uninsured amounts that may be billed back to you. An Owner may also be responsible for the cost of repairing a failed component for which the Owner is responsible under Section 5.2 of the Declaration, as that cost is not covered by the Association's property policy.

3. Owner Responsibility for Uninsured Losses. If a loss occurs that is not covered by the Association's insurance, the general rule is that the Owner is responsible for the Unit repairs at the Owner's expense, which may be partially or entirely covered by Owner's insurance. (See Section 5.2 of the Declaration). The Owner is also responsible for the parking area and storage appurtenant to their Unit as well as the air conditioning unit, water heater, and other utility unit or equipment serving only their Unit, regardless of location. (See Section 5.2 of the Declaration). Please review Section 5.2 of the Declaration for additional Owner responsibilities.

When damage occurs to the Common Elements and no Association insurance proceeds are available, the Association may charge back mitigation and repair costs incurred by the Association to an individual Owner or Owners depending on the circumstances, based on the "misconduct" language of Section 3.8 of the Declaration and RCW 64.34.360(5).

4. Owner Steps to Take in the Event of a Water Loss. Finally, in the event of a water loss affecting your Unit, please take the following steps:

- Shut off your water if it may be coming from your Unit's components.
- If the water seems to be coming from another Unit, try to notify that Owner and occupant ASAP.
- Promptly notify the Association's Board at bigtroutcondos@gmail.com. Provide your contact information.
- Anticipate a prompt phone call from the Board to arrange for entry into any involved Units to stop any ongoing leaks and mitigate damage.
- Notify your insurance carrier of a potential claim (even if you ultimately do not file a claim).
- The Board will work with affected Owners to complete repairs and take care of insurance and payment matters.

The Board hopes the above helps provide more clarity about insured and uninsured losses, and Owner and tenant insurance coverage. Proper Unit coverage helps protect Owners and tenants. Fulfillment of Owner responsibility for amounts not covered by the Association policy is a requirement you all share as community members at Big Trout.

Sincerely,

Board of Directors
Big Trout Condominium Association