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01/18/11

Larry Sheeler, CMCA, AMS, PCAM  
Capital Consultants Management Corporation  
Victoria Park Community Management  
1475 E. Taylor Rd, Suite A  
Deland, FL 32724

RE: Master Insurance Policy - guidelines for unit owners

Dear Mr. Sheeler:

You have asked for an explanation of the management of insurance in a townhouse community where a master policy is in effect. Following is an analysis for your use to assist unit owners in understanding the proper insuring of their unit.

While the townhouse community is not filed with the State as a condominium, VPHOA has written their documents to allow the unit owners the right to secure a master policy of insurance to protect all insurable structures within the community. This contractual right is what gives the association the ability to insure something that they don't technically own. As such, the community is "acting like a condominium" for insurance purposes (only).

Understanding the above, insurance for the master policy will provide coverage for the entire building structure housing the individual units and based on the original plans and specifications of the structure. The exterior walls, roof, floors, wiring, plumbing, ceiling drywall, wall drywall, doors, windows and the like will be insured by the master on a typical condominium insurance contract.

The unit owner will need to purchase a "condominium unit owner's" insurance policy (also known as a HO-6) in order to insure their items of responsibility. That will include the following:

- 1) A specific and separate amount for contents of the unit will need to be determined based on the current replacement value of all property owned by the unit owner. Their professional agent can assist with that determination of value.
- 2) A specific and separate amount for the building items that are dictated as unit owner responsibility under the condominium law to include wall coverings (paint, wall paper), floor coverings (carpet, pad, tile), ceiling coverings (drop ceilings,

popcorn, decorative), electrical fixtures, appliances, water heater, water filters, built-in cabinets and counter tops, window treatments (draperies, blinds) and any modification to original plans and specifications done at unit owner expense (enclose patio, enlarge a room). Depending on the size of the unit and quality of these installed items, the replacement value will vary. Again their professional agent can assist with that analysis along with specifications as outlined in the governing documents.

Please review this analysis and give me a call to answer any questions that you may have. You are free to cut and paste this information to be distributed to unit owners as part of the sales process.

Thank you for your consideration in this important insurance matter.

Sincerely,

A handwritten signature in black ink that reads "Louis R. Biron". The signature is written in a cursive, flowing style.

Louis R. Biron, AAI