

January 29 2024

Dear West Shore Village Owners,

Subject: Update on Insurance Deductible Situation and Next Steps

From your Board of Directors, important information regarding the recent developments surrounding our property insurance deductible.

BACKGROUND INFORMATION

Our current WSV property insurance policy, which covers the period November 1 2023 to October 31 2024, includes a 7.5% Hurricane Deductible. This represents a departure from the previous policy which had a 5% deductible. The decision to implement this change was made during the Board of Directors meeting on October 19, 2023. The motion to accept the presented proposal, including the renewal premiums of \$552,948.96, was unanimously approved by the Board at that meeting. A policy with hurricane deductible of 5% would increase the Association's annual premium by \$106,800.

On January 11 2024, it was brought to our attention by realtor Pete McGahan, that the unintended consequence of increasing the insurance deductible to 7.5% rendered many new conventional "conforming" mortgages unwarrantable. New buyers requiring a mortgage or owners renewing a mortgage would require non-warrantable investor exceptions for approval. These unfortunately are more expensive than conventional mortgages.

Neither the Board, our insurance broker, nor our property manager were aware of this situation until January 11. The Board keeps up with industry updates, but the change in hurricane deductible policies went unnoticed in our usually reliable information channels. Realtors, property management companies, and lenders discovered this shift only after it caused problems. This concern is not limited to West Shore Village: we recently learned that the concerns raised within our community are now emerging in other Associations as well.

PROPOSED ACTIONS

Unsurprisingly, this information is of great concern, both to current homeowners who plan to renegotiate their mortgages and owners who sell their units in the near future. The WSV Board will respond to homeowner concerns with the following actions:

1. Our insurance broker, Kim Carrington of MacGriff Insurance, is requesting new insurance quotes from American Coastal with a reduction to a 5% deductible. The aim is to explore the feasibility of reverting to a 5% deductible and to evaluate the associated impact on our annual premium.
2. Once the proposal is received, and depending on the timing of the information, a Special Board Meeting will be held to thoroughly discuss and decide on the course of action.

We want to assure all owners that the Board takes this matter seriously and is committed to acting in the best interest of the entire Association. We understand the fiduciary responsibility we hold to all owners. We are committed to making informed decisions and considering changes when new information becomes available.

We appreciate your understanding and patience as we work to address this issue promptly and responsibly. If you have any questions or concerns, please feel free to reach out to us via the email link below.

Sincerely,

West Shore Village Board of Directors
wsvbb1@gmail.com