



mailed out:
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AN IMPORTANT CHANGE IN THE CONDOMINIUM INSURANCE POLICY

Dear Fairlington Meadows Co-Owners:

We are writing to inform you of an important change in the master insurance policy of the Fairlington Meadows Condominium Association. Until recently, our master policy was unusual in that it included betterments (i.e. upgrades to individual units) in the compensation for any losses covered by our policy. After the events of September 11, 2001, and also because of significant losses in the insurance industry overall, such coverage is no longer available to multi-family properties. **Please be advised that our master policy no longer covers betterments.**

What does this mean for you?

1. First, every unit owner should have an individual H06 (condominium unit owner's) insurance policy for personal property as well as for any losses not covered by the condominium association's policy. The condominium association's responsibility for damage to individual units is extremely limited, e.g. in the case of a lightning strike or a tree falling on a building. Most losses, including any originating in the unit itself, are the responsibility of the individual owner.
2. If you already have an H06 policy, call your agent and inform him/her that the master policy of the condominium association is written under a "single-entity concept," i.e. that it does not include betterments. Ask if your coverage needs to be adjusted for any betterments that you or any previous owners have made to the unit.
3. You should also secure coverage for the \$10,000 per-incident deductible of the master policy, for which the homeowner is entirely responsible.
4. If your unit has a basement, request coverage for sewer back-ups, even if you do not have the low basement in your building.
5. If you rent out your property, you should also advise your tenant(s) to purchase an H04 (renter's) policy. Your H06 policy covers losses to your unit, but not your tenant's personal property. If the unit has a basement, the tenant should also request coverage for sewer back-ups.

The Board is currently working with legal counsel on a document specifying exactly which losses are and are not covered by the association's policy, and you will be receiving that information in the near future. In the meantime, we wanted to get the word out about this important change in the master insurance policy.

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