



THE HARBOURS
Condominiums

The Harbours Newsletter

March 2014

- 3/04 Mardi Gras
- 3/05 Ash Wednesday
- 3/08 International Women's Day
- 3/09 Daylight Savings Time Begins
- 3/16 Full Moon
- 3/17 St. Patrick's Day
- 3/20 Spring Begins (Northern)

Thunder Over Louisville 2014 Calendar

- 3/03 Registration Packages will be mailed to owners
- 3/24 Registration Forms are due
- 4/3 & 4 Windows will be washed weather permitting
- 4/04 Armbands and Parking Stickers will be available at the office for pickup
- 4/11 Parking Stickers must be on the vehicles
- 4/12 Thunder Over Louisville

Thunder Funder

- Ways to participate in Thunder Funder:
- Make a donation
 - Order promotional logo items.
 - Check out the bulletin board for more information on opportunities to participate and promotional items to purchase.

From The President . . .

Last week we held a Town Hall Meeting to discuss flood and household insurance. Several homeowners attended the meeting that was held by Fred Strohm and our insurance agent Glenn Pike, and local surveyor Bob Isgrigg. If you were unable to attend the meeting Fred has provided a recap for you in this newsletter.

A recent article in the Courier Journal indicated that the typical utility bill increased 35% over the same period last year. Our utility bill did increase by 15%, well below the percentage predicted. We attribute this to the monitoring of the temperature in our common areas and other energy saving projects that we completed over the past year. Daniel will continue to work with our staff to monitor those areas.

We have been able to utilize our staff to manage the snow whenever possible in an attempt to minimize the use of outside contractors. Our staff have come in early (3:00 a.m.) and stayed late to assist us and I appreciate their willingness to stagger their hours whenever necessary.

This week we will begin releasing the first documents for Thunder Over Louisville. That event is fast approaching (April 12th) and we have a lot of work to prepare our building for that event. I encourage you to start working on your own plans for Thunder and get your units ready.

We are currently focusing on projects that can be completed inside. When the weather changes we will begin focusing on outdoor projects.

Thank you, Russ

From The B&G Committee

The Building & Grounds Committee is working diligently to ensure that the exterior building project is done correctly.

Through thorough investigation it has been determined that what was originally thought to be a simple patch and paint job is much more complex. The EIFS material that covers the exterior wall surfaces requires special handling to prevent critical problems in the future.

Licensed contractors who are trained and certified for the care and maintenance of EIFS have been located. We are in the process of signing a contract to provide a detailed assessment of the exterior of the building that will lead to a plan to proceed.

We understand the frustration that everyone feels about the delays and we are doing our best to expedite the process, however we will not compromise our fiduciary responsibility to the owners.

Laundry Room Renovations

The Laundry Room was refurbished last month and new equipment was installed. The washers and dryers are larger capacity units and energy efficient.

Check it out when you have an opportunity.

Renovations in Your Condo

Living in a high rise condominium brings with it certain responsibilities and considerations. Since most owners have people living above, below and on either side of their unit, remodeling work or any other loud noises can often be heard by occupants of these surrounding units. Everyone recognizes an owner's right to remodel and the noise that could be involved. The timing of the work can make all the difference in maintaining a harmonious relationship with your neighbors.

To avoid or minimize disturbing your neighbors, please consider the following suggestions:

1. Have any work done that could involve excessive noise between 9AM and 5PM weekdays and not on weekends if at all possible or practical.
2. If weekend work cannot be avoided, delay starting until 11AM and end before 4PM.
3. Inform your neighbors of any work being planned so they will not be caught unaware and will realize what is occurring.
4. Recognize that everyone may not share your choice of music.

Although we have rules regarding noise (Section 11 of our Declaration), the best rule is still The Golden Rule. "Do unto others as you would have them do unto you!"

Submitted by a concerned owner.



Condo Owner's Insurance

The recommended insurance policy for Condominiums is referred to in the insurance industry as an HO-6 policy. These Condo Insurance policies generally include the following three areas of recommended coverage.

- ◆ Property
- ◆ Liability
- ◆ Other Optional Coverage

"Property" insurance typically includes Personal Property, Loss of Use and Loss Assessments.

- ◆ **Personal Property** refers to your personal belongings that are within your unit (i.e. clothes, sound systems, etc.) Items that you can take with you if you move.
- ◆ **Loss of Use** insurance covers your off-site living expenses while your unit is uninhabitable and being repaired. This is typically a percentage of your property coverage.
- ◆ **Loss Assessments** coverage will pay for your portion of a special assessment that is applied to all units. An umbrella policy may expand that coverage. Condo policies often include a fixed amount.

There may be restrictions on what type of Assessment or Loss of Use are included in the actual policy.

Your property deductible generally applies to all of the property coverages that are included in your policy.

"Liability" insurance provides coverage when you are legally responsible for injury or property damage to others. Our Declaration requires that all owners carry a minimum liability coverage of \$300,000. Although not specified, it would be prudent for owners who rent their units to require that their tenant also carry this same level of liability coverage.

One of the "Other" optional types of coverage is something often referred to as "Building, Alterations and Additions", or similar wording. This coverage is unique to condominiums.

Although most condominium Declarations state that owners are totally responsible for any damage to their unit, regardless of who was at fault for the damage, The Harbours Declaration requires the HOA purchase insurance for those items within a condominium unit that are considered "*building standard improvements*". If a unit's building standards are damaged by water that is "owned" by the HOA, you will be reimbursed by the HOA for the repair or replacement at a cost of the "building standards". If your unit has upgrades to the original building standards, the HOA is not held responsible for the cost of the upgrades in excess of the original building standards.

The Declaration also states "...each owner shall obtain insurance for loss of or damage to the contents of his own unit, however caused, including all enhancements, betterments, extras or upgrades from building standard, and for loss of or damage to any of his personal property..."

"Building standard improvements" are those items originally installed when our building was first constructed as an apartment building or referred to on our original building plans. Examples of these improvements are the original kitchen cabinets and the original grade of carpet and vinyl tile that was installed in the units. The original building standard items may no longer be present and may have been replaced with like quality materials or with significant owner upgrades. These upgrades may have been made by you or a previous owner. Reimbursements are based on what was originally installed and how any damage to that original item (even if it is no longer physically present) would need to be

repaired or replaced to return to the unit to the original building standard.

When obtaining condo insurance, your agent should ask you to describe the interior of your unit. He/she will need to know the number of bedrooms and baths, type of flooring material, square footage, wall covering, style/type of kitchen cabinets, type counter top, etc. Using insurance industry software, your agent can estimate what it would cost to rebuild the interior of your unit if it were totally ruined. You can select the amount of "Building, Alterations and Additions" coverage you desire. Although this coverage is intended to fill the gap between "building standard improvements" and owner installed upgrades, it may be prudent to consider that damage that occurs from a non-HOA source will not be reimbursed by the HOA.

Flood Insurance is typically not included in your owner's condo policy. Since flood damage is not a "covered peril", any personal property that is damaged due to flooding is typically excluded. The master association flood policy offered to condominiums by FEMA also does not include personal property coverage although it does include "building" coverage for individual condos. Even though we are in a low flood hazard zone, the only Harbours units that would seem to have the potential of being flooded are the townhouse units. Since the townhouse units are part of the condominium association which is considered to be a low risk area, Preferred Risk flood insurance policies for these units should be available thru the National Flood Insurance Program. Due to these units having street addresses different than that of The Harbours, these Preferred Risk policies are currently not available. This is a recently discovered issue that we are working to resolve. Damage to upper units could occur if utilities were not available for a prolonged length of time.

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Condo Owner's Insurance Continued

To summarize, owners should obtain an HO-6 condo policy that includes the following minimum categories of coverage:

- Property
- Loss of Use
- Loss Assessment
- Liability with \$300,000 minimum
- Building, Alterations and Additions

These same condo policies may also include other coverages such as credit card forgery, accidental death benefits etc.

It is best to discuss your condo insurance needs with an insurance agent who is familiar with owners condominium insurance. The insurance industry continues to change.

It is suggested that homeowners contact their agent periodically and inquire about new industry standards or policies that may apply to high-rise condos.

Flood Insurance Recap

Almost 100% of flood insurance policies are issued by about 90 insurance companies authorized to do so by the Federal Government. These insurance policies are guaranteed by the Federal Government thru the National Flood Insurance Program (NFIP). The NFIP was created in 1968 and is under the management of the Federal Emergency Management Agency (FEMA).

Prior to 1968 the risks associated with flood insurance were so great that many insurance companies stopped offering flood insurance, or if they did it was extremely expensive. The NFIP was created in order to provide relatively inexpensive flood insurance and to encourage local communities to actively participate in flood management. Currently about 5 ½ million properties are insured thru this program. The Harbours is one of them.

At its inception, The Harbours was considered to be in a Special Flood Hazard Area (SFHA). A SFHA is one in which there is a 1% chance every year that water will reach a certain level. This level is called the Base Flood Elevation (BFE) and is determined by the NFIP for every flood hazard area in the country. If the lowest part of your building is at or below this "level" you are considered to be in the 100-year flood zone and you are in a SFHA. The specific SFHA category we were classified in was A20 which reflected an elevation factor. If your property is in a SFHA, and you are requesting a loan from a lender that is regulated by the Federal Government, then you must have flood insurance before you can obtain a loan. Although The Harbours did not, and does not, have any outstanding loans, flood insurance was obtained in order to replace the need for every home owner to obtain their own flood insurance.

In January 2011, a Letter of Map Amendment (LOMA) was issued by FEMA that removed The Harbours from the SFHA and placed it in a Non-Special Flood Hazard Area (NSFHA). The NSFHA was called Zone "B" which is a low to moderate flood risk zone. It was determined that the lowest part of our structure is about 2 feet above the BFE. This change from the A20 Zone to the "B" Zone was made since an error was made when we were initially classified. As a result of this change, flood insurance is no longer a requirement of lenders issuing mortgages on Harbours condominiums.

Since then The Harbours has continued to purchase flood insurance even though there is no Federal requirement of owners to do so. Some owners question why this is done. The Town Hall meeting allowed owners to express their opinions. Some of these are summarized below along with other information to consider.

1. We currently pay about \$11,500 for flood insurance and this cost will likely increase rather than be reduced. It has been suggested that this "saved" money could be placed yearly in a self-insurance account.
2. Although we are in a low-to-moderate risk hazard flood zone, about 25% of flood claims originate from these zones.
3. If FEMA no longer requires flood insurance for a property can a lender still require flood insurance?
4. Due to our height above the BFE, we are closer to the 300-year flood zone.
5. Only the 1st floor of the Town Houses would likely ever be affected. Could they obtain their own flood insurance?
6. Preferred Risk flood insurance policies are available to individual condo owners provided their condo-



minium building is in a low-risk flood zone. Preferred Risk policies provide contents or a combination of contents and "building" coverage. It was recently learned that because the Town Houses have Riverside Drive addresses, they are not recognized by the NFIP data base as being included in The Harbours Condominium Zone "B" low-risk flood zone. Based on their addresses, they are still considered in a SFHA. The LOMA only referred to the One Riverpointe Plaza address which is the formal address of The Harbours. We are in the process of working with our insurance agent to correct this.

7. Flooding is slow to develop so there is time to protect the Town Houses and critical equipment.
8. Even though the only living areas likely affected by a catastrophic 300+ year flood belong to the Town Houses, the over-riding concern are the transformers located at ground level. If these transformers are compromised, every condominium unit would be without electricity. Questions regarding the ownership of these transformers and if our flood insurance would cover these along with our other critical equipment need to be answered. Would this equipment need to be replaced and if so how long would it take to obtain replacements. Regardless of whether or not we have flood insurance, a plan should be developed that would attempt to protect any critical equipment.
9. Although sand bags can be effective when still water is involved, they may not be effective when exposed to rapidly flowing river water.
10. If we have flood insurance, FEMA will hire contractors to repair damage to our building caused by a

flood. An owner questioned how quickly FEMA would respond to our needs should a flood occur. Another owner questioned if self-insurance would be a more viable option. An opinion was expressed that FEMA would want large/expensive properties repaired first to minimize additional deterioration which could impact FEMA's overall costs.

11. It was suggested we contact an attorney for a legal opinion regarding our Declarations wording: Is the purchase of flood insurance actually required per our Declaration?

Although this list could be expanded further, an over-riding issue is whether or not our Declaration requires the purchase of flood insurance. The last page of the Town Hall meeting handout is attached. It indicates what our Declaration requires and the National Flood Insurance Agency descriptions of a Special Flood Hazard Area and a Non-Special Flood Hazard Area.

Our Declaration indicates we must buy flood insurance if "...any portion of the regime shall be determined to be in a flood hazard zone...". With the LOMA letter in 2011, the entire Harbours building was removed from the Special Flood Hazard Area (SFHA) and reassigned to the lower-risk Non-Special Flood Hazard Area (NSFHA) with the Zone B rating. The NFIP identifies both areas to be at risk of flooding and uses the terminology "flood hazard area" in each definition.

Big Four Burgers & Beer

About a month ago my date and I went walking to downtown Jeff and noticed that Big Four Burgers & Beer had opened. Being very excited about a new local dining opportunity we decided to try it.

We had a very positive dining experience. We returned just last week and had another great meal.

The restaurant is divided into three floors. The 1st floor is casual dining, order at the counter and take a number to your table. The 2nd floor offers dinner with wait staff and 3rd floor is reserved for events. The decor on the 1st floor is casual with raw brick walls and hanging lamps in mason jars.

The 1st floor offers a "Build Your Own Burger" option that fits anyone's desire for a great Burger. Offerings include: Protein (beef, turkey, veggie or chicken); Temp (rare to well done); type of bun (house, whole wheat, etc.); cheese; free toppings; and Premium toppings. Way too many choices to list.

I had a Specialty Burger: Cranberry Turkey Burger. It was delicious and I had plenty leftover to take home. My burger was served with house fries.

My date chose the Big Four Classic Burger and he was also pleased with his selection. The house fries were well done, crisp and not too greasy.

The menu is extensive with specialty burgers, sandwiches, salads and sides.

Lunch menu: \$7 - \$9.

Dinner menu items: \$10 - \$14.

They offer a good selection of beer and bourbon. We can't wait for warmer weather so we can try dining on the upper decks. We are delighted to support this new Jeffersonville restaurant and hope you will give it a try.

Big Four Burgers & Beer

134 Spring Street
812 - 913 - 4967