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REPLY TO: Minnesota Office

April 29, 2020

SENT VIA U.S. MAIL

TO: All Homeowners, Cottages on the Green Homeowners Association, Inc.

FROM: Anthony T. Smith, Attorney for Cottages on the Green Homeowners Association, Inc.

RE: Notice of Insurance Claim Deductible Assessment

OUR FILE: LAM-0002

Dear Homeowners:

On approximately June 11, 2017, Cottages on the Green Homeowners Association, Inc. (the "Association") suffered storm damage to its roofing and siding. Following the loss, the Association made a claim to its insurance carrier, American Family Mutual Insurance Company ("American Family"), for the damage.

American Family and the Association disagreed on the extent of the storm damage and the cost to repair it. As a result, the parties participated in an insurance appraisal to resolve their dispute. The appraisal panel determined that the value of the claim and the cost to repair the damage is \$405,468.73.

The Association's master insurance policy has a deductible for wind and hail claims in the amount of two percent (2%) of the total insured value of the property, or \$195,911.56. Under the Association's Declaration and the Minnesota Common Interest Ownership Act, Minn. Stat. § 515B ("MCIOA"), the Association has the authority to assess this deductible to the Units in any reasonable manner. DECLARATION, Art. IX, § 1(b); Minn. Stat. § 515B.3-113(b).

The storm damaged exterior siding and roofs throughout the property and the repairs will benefit everyone. Accordingly, **the Board has elected to assess the deductible cost back to each Unit in equal shares in the amount of \$4,168.33 per Unit.** A copy of the Board's resolution assessing the deductible back to the Units is enclosed for your review.

Your HO-6 Policy may cover this deductible assessment. HO-6 insurance policies are designed to cover things that are not covered by the Association's master policy, such as an owner's furniture, fixtures, appliances, floor covering, and contents. HO-6 insurance policies

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April 29, 2020

Page - 2 -

also cover loss assessments by the Association. Loss assessment is a coverage that is available as part of an HO-6 insurance policy and could provide coverage for certain kinds of losses where the Association asks a homeowner to pay for their share of damages that are either not covered under the building master policy or exceeds the existing coverage, including an insurance deductible assessment.

Accordingly, you should submit this letter and the Board's resolution to your insurance carrier and request reimbursement of the assessed deductible. If your insurance company has any questions, it can contact me at (952) 388-0289.

Payment of this deductible assessment is due by **June 15, 2020**. If you need additional time to pay the deductible assessment, you will need to contact Scott Wallin at Legacy Association Management, LLC. He can be contacted via telephone at 651-738-8802.

Please note that **you are responsible for paying this assessment regardless of whether you have an HO6 policy or whether your HO6 policy covers this assessment in full or in part.** The Association will impose monthly late fees as permitted by the governing documents and the rules and regulations if payment is not made by that date.

Thank you in advance for your attention to this letter.

Very truly yours,

SMITH JADIN JOHNSON, PLLC

A handwritten signature in black ink, appearing to read 'Anthony T. Smith', written in a cursive style.

Anthony T. Smith  
Attorney at Law

cc: Cottages on the Green Homeowners Association, Inc. c/o Scott Wallin (via e-mail only)

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF  
COTTAGES ON THE GREEN HOMEOWNERS ASSOCIATION, INC.**

**WHEREAS**, Cottages on the Green Homeowners Association, Inc. (the "Association") is a Minnesota nonprofit corporation organized and existing to operate and maintain the residential townhome association known as Cottages on the Green (the "Property"); and

**WHEREAS**, the Association and the Property are governed by and subject to the provisions of a certain Declaration of Common Interest Community Number 1091, Cottages on the Green, a Planned Community, dated February 7, 2003 and recorded with the Hennepin County Registrar of Titles on April 17, 2003 as Document No. T3720544, and subsequent amendments thereto (collectively the "Declaration"); and

**WHEREAS**, the Association and the Property are also governed by and subject to the provisions of the Minnesota Common Interest Ownership Act, Minn. Stat. § 515B ("MCIOA"); and

**WHEREAS**, the Association purchased a policy of property insurance from American Family Mutual Insurance Company (the "Insurer") that provided insurance coverage for the Property with a deductible of two percent (2%) of the Property's total insured value.

**WHEREAS**, on or about June 11, 2017, a storm caused damage at the Property (the "Loss"); and

**WHEREAS**, The Association and the Insurer disagreed on the amount of damage to the Property and the cost to repair the same and agreed to participate in an insurance appraisal to resolve their dispute as permitted by the insurance policy and applicable Minnesota law; and

**WHEREAS**, the appraisal panel determined the cost to repair the damage caused by the Loss was determined by an appraisal panel to be Four Hundred Five Thousand Four Hundred Sixty-Eight and 73/100 Dollars (\$405,468.73); and

**WHEREAS**, the Policy deductible applicable to the Loss, calculated as two percent (2%) of the Property's total insured value, is One Hundred Ninety-Five Thousand Nine Hundred Eleven and 56/100 Dollars (\$195,911.56); and

**WHEREAS**, Article IX, § 1(b) of the Declaration and Chapter 515B.3-116 of MCIOA provides that the Association may, in the case of a claim for damage to a unit or units, (i) pay

the deductible amount as a common expense, (ii) assess the deductible amount against one or more of the units affected in any reasonable manner, or (iii) require the unit owners of one or more of the units affected to pay the deductible amount directly; and

**WHEREAS**, the Association desires to assess the \$195,911.56 insurance deductible against each of the forty-seven (47) Units throughout the Property in equal shares of Four Thousand One Hundred Sixty-Eight and 33/100 Dollars (\$4,168.33) per Unit as permitted by MCIOA;

**NOW THEREFORE BE IT RESOLVED**, pursuant to the authority set forth above, the Association hereby assesses the Policy deductible against each of the forty-seven (47) Units throughout the Property in equal shares of Four Thousand One Hundred Sixty-Eight and 33/100 Dollars (\$4,168.33) per Unit.

This resolution has been approved by the Board of Directors of the Association by a majority vote. Dated this 29<sup>th</sup> day of April, 2020.

By: David F. Obrzut  
David F. Obrzut (Apr 29, 2020)

Its: President  
President