

NOVEMBER 2019

GREENBRIAR

www.greenbriarhoa.org

Professionally Managed by Keystone Pacific Property Management, LLC - 16775 Von Karman, Ste. 100, Irvine, CA 92606

Dear Homeowners,

As many of you may remember, the most recent earthquake (EQ) in Ridgecrest, CA in Riverside County reminded us all that we live close to a major earthquake fault line called the San Andreas Fault. Many of us were in Southern California when the Northridge earthquake occurred in 1994 and the significant damage that occurred to homes, businesses, and infrastructure.

Soon after the Ridgecrest earthquake, some of our Greenbriar homeowners called asking about earthquake insurance and whether the HOA had a master EQ insurance policy in place. At that time, we did not have a master EQ insurance policy in place; however, your Board thought it would be advisable to obtain information as to whether it was appropriate for us to invest in such an insurance policy. In discussions with our insurance broker Greg Lerum Insurance Agency, it became clear that the benefits of having such a policy were significant. Such a policy provides protection to the exterior walls of our homes as well as provides for insuring the infrastructure within our HOA boundary such as streets, utilities, sewer lines, etc.

Therefore, the Greenbriar Neighborhood Corp purchased a Master Earthquake policy effective 27 August, 2019 with a \$48,196,092 limit and a 20% deductible. This coverage applies to buildings, walls, walks, fences, streets, landscaping, and underground utilities. There is a 20% deductible of the insurable value by building. The average insurable value of a unit is \$351,508.00.

For Example: Assume 3 units in a building (\$1,054,525). The deductible is \$210,905 (20%) for this one building. The average deductible per unit is \$70,301.

BOARD OF DIRECTORS:

President: Winston McColl

Vice-President: Brian Mayor

NEXT BOARD MEETING:

Date: February 2020 - TBD @ The
Avaldale Clubhouse 1 Daisy Street
Ladera Ranch, CA 92694

*The final agenda will be posted on the corner
of Sklar & Avaldale, at least 4 days in
advance of the meeting. You may also obtain
a copy of the agenda by contacting
Management, at 949-838-3265.*

IMPORTANT NUMBERS:

ASSOCIATION MANAGER:

Derrick Rovira

Phone: 949-838-3265

drovira@keystonepacific.com *Emergency
After Hours: 949-833-2600*

COMMON AREA ISSUES

Olivia Geerson

Phone: 949-503-0359

ogeerson@keystonepacific.com

BILLING QUESTIONS/ ADDRESS CHANGES/ WEBSITE LOGIN: Phone:

949-833-2600

customercare@keystonepacific.com

INSURANCE BROKER:

Greg Lerum Insurance

302 N. El Camino Real #118

San Clemente, CA 92672

Phone: 949-492-7331

LARMAC MASTER INFO:

First Service Residential

Sue White

Phone: 949-218-0900

sue.white@fsresidential.com

NOVEMBER 2019 REMINDERS

- For after-hours association maintenance issues, please call 949-833-2600 to be connected with the emergency service line. Please call 9-1-1 for life-threatening emergencies.

- Trash Pick-Up - Thursdays (West Side)
& Fridays (East Side)

Please remove trash cans from the common area after this day.

- February 2020 - Board of Directors Meeting-Date/Time: TBD

Location: The Avendale Clubhouse
1 Daisy Street, Ladera Ranch, CA 92694

Partial loss example: Assume \$700,000 damage to a 3 unit building. There would be a \$210,905 deductible paid by association, assessed at association's discretion. The sum of \$489,095 is paid by the insurer. This carries on per building until the insurer pays their \$48,196,092 maximum.

The question is: How does the Greenbriar HOA assess the deductible? Since the HOA is responsible for the building exteriors, as well as its infrastructure, it would assess each owner(s) \$70,301 (20%) to come up with the total deductible amount of \$210,905 for the building. In technical terms, this is called a loss assessment.

The next question is: How does homeowner payout such a large assessment plus cover any losses sustained to the interior of their own building?

Individual unit owners can address both of the above questions by looking at a supplement to the Greenbriar HOA master policy by purchasing a California Earthquake Authority (CEA) policy through their personal unit owner policy insurance agent. The CEA policy addresses both the coverage to the interior of your home as well as the loss assessment from the HOA. Please consider including coverage for the potential HOA loss assessment coverage. Again, loss assessment is that portion of earthquake damage that may be assessed to each unit owner by the HOA.

As cited above, the Greenbriar HOA Board purchased a master EQ insurance policy for \$43,313 beginning 27 August, 2019. Since this amount is not in our annual budget, the Greenbriar HOA decided to purchase this policy using the equity in the Corporation's account. However, to continue to provide this policy coverage on a continuing basis, our annual assessment will be increased. However, our operational and reserve requirements costs continue to go up, especially with the State of California mandated changes to the minimum wage. Therefore, the Board will increase our annual assessment. Please note that our current Reserve Fund is funded at the 98.5% level, which is a strong position for the fund to be in. This means that the association's special assessment and deferred maintenance risk is currently low. The objective of our multi-year Funding Plan is to continue to Fully Fund Reserves and maintain a position of strength in the fund, where associations enjoy a low risk of Reserve cash flow problems.

In conclusion, your Board initiated this new coverage to protect our assets, which are the 130 homes in the HOA as well as its infrastructure. If we did not provide such protection, any earthquake damage to the HOA would be paid for by assessing all 130 HOA homeowners for the damage. With our EQ master insurance policy, coupled with a supplemental CEA policy, your exposure to a significant financial event is greatly reduced.

For further information on this policy please contact Greg Lerum, our insurance broker at (949)492-7331.

Sincerely,

At the Direction of the Board of Directors,
Greenbriar Neighborhood Corporation