

**FAIRLINGTON MEADOWS COUNCIL OF CO-OWNERS  
VIRTUAL BOARD OF DIRECTORS MEETING  
Wednesday, February 17, 2021  
7:00pm**

**BOARD MEMBERS PRESENT**

Joseph Spytek, President  
Frona Adelson, Vice President  
Nick Slabinski, Treasurer  
Erica Brown, Co-Secretary  
Caroline Trupp Gil, Co-Secretary

**BOARD MEMBERS ABSENT**

**MANAGEMENT PRESENT**

Wee Abraham, Portfolio Manager, CMC  
Dolly Sharma, Recording Secretary, Minutes Services, LLC

**OTHERS IN ATTENDANCE**

Kathleen N. Machado, Rees Broome  
Theresa Melson, USI Insurance Services, LLC  
Fairlington Meadows Residents: 31  
Edward H.      Sandie              Dave L.  
Donald S.      Lynn M.              Gina M.  
Kristen K.      Tiffany K.              Sandie D.  
Cynthia P.      Carol D.              Heri  
Kenneth M.      Lynn H.              Ed (iPhone)  
Megan G.      Carole.              Powell S.  
Mary M.      Ann S.              Valerie E.  
Jill B.      Mary F.              3 unidentified callers  
Rattana S.      Kristen K.  
Jennifer L.      Anne M.  
Beth H.      Charles M.

**I.      CALL TO ORDER & ESTABLISH QUORUM**

**MOTION:** Mr. Spytek **MOVED** to call the meeting to order at 7:05pm. The **MOTION** was **SECONDED** by Ms. Adelson and **PASSED** by unanimous consent.

**II.      APPROVAL OF AGENDA**

Add: "Executive Session" at the end of the meeting.

**MOTION:** Ms. Adelson **MOVED** to approve the February 17, 2021 Agenda as amended. The **MOTION** was **SECONDED** by Ms. Gil and **PASSED** by unanimous consent.

**III.      THE MEADOWS MASTER INSURANCE POLICY – WHAT YOU NEED TO KNOW ABOUT CURRENT AND FUTURE COVERAGE**

Mr. Spytek updated owners at the meeting that Ms. Machado would be speaking about the Master Insurance policy with regard to the legal impact of the issue and Ms. Melson would be speaking about the Meadows Master Insurance policy and the necessity for an Owner Amenity Checklist. He shared that this Board session would be recorded and uploaded to YouTube and the link shared on the Meadows website.

**Ms. Kathleen Machado – Rees Broome (Association Legal Counsel)**

Ms. Machado explained the legal perspective in detail. The Association has to go forward with attention to what is stated in the Master Deed and Bylaws.

- Council (the Meadows HOA) is required to insure the entire HOA against casualty losses (individual unit and common elements.) It is in the twenty-first paragraph of the Master Deed.
- Council serves as an Insurance Trustee over any Master Insurance policy claims. The Board makes sure repairs occur as needed and that proceeds are paid out properly. The Board is considered as the trustee and it is their fiduciary duty to complete these tasks.
- Owners maintain their own insurance coverage for their individual units; it is not mandated under any HOA documents but, strongly recommended via Policy Resolution "Management of Insurance Claims, Apportionment of Responsibility for Uninsured Losses and Payment of the Insurance Deductible"  
(<https://fairlingtonmeadows.com/wp-content/uploads/2018/11/Resolution-on-Insurance-Claims-and-Payment-of-Deductible.pdf>) to avoid uncovered losses including the Master Insurance deductible currently set at \$10,000.
- Owners are obligated to perform maintenance and repair work to their individual units and any common element repairs due to their negligence; this is indicated in Article IV, Section 2 of the HOA Bylaws.
- Council generally handles common element repairs unless caused by a unit owner.

Ms. Machado stated that the Insurance Company, in our case The Travelers, looks at certain things when investigating a claim and the HOA, via the Board, has to decide whether to report the damage.

- Where the damage is Unit Owner v. Common Element, sometimes the source of the damage originates in another place and requires further investigation.
- The value of the loss helps determine whether to report the damage to the Insurance Company. If the estimated cost of repairing damage is more than the insurance deductible then, it can be reported so that the claim can be processed. If the repair cost is less than the deductible then, the Board has to consider looking at the Bylaws and governing documents as to the party responsible for the repairs.
- How the damage occurred is important. It could be due to negligence or perhaps due to an uncontrolled and unforeseeable condition.

- Note: There is no rule that states that if an HOA Common Element is determined to be the source of damages, or if an individual unit or causes damage to another unit then the condo master policy pays the damages, thus it is not automatically the Council's obligation to handle all repairs. The Bylaws define the obligations of the unit owner and the obligations of the Association. The unit owner, the Association, the Management Company and the Insurance Company will work together to determine the party (-ies) responsible for paying for the damages.

Ms. Machado spoke in detail about the source of the damage and determining what party is responsible for payment of the Insurance Deductible.

- Initial investigation by qualified parties is important to determine the source of the damage and the location(s) of the damage unit v. common element, as well as estimation on the value of a loss.
- Timely reporting is important to mitigate damage and not jeopardize coverage of any claims.
- Value of the loss controls the reporting to the Master Insurance company based on the deductible; if the damage amount is under the deductible amount, the Association via the Board will likely not report the damage to the Master Insurance company and will instead allocate repairs and payments to the responsible party as indicated in Association documents.
- If damage is reported under the Master Insurance policy, a unit owner may still have to pay the Master Insurance policy deductible. This can be expensive but may be covered by the individual owners HO6 owner condominium insurance policy.

Ms. Machado further presented the Master Deed identification of the boundaries of the homeowners unit and common area definition. The common area includes the areas outside the unit fences, public spaces, shared storage in B-buildings, among other space.

**Ms. Theresa Melson – USI Insurance LLC**

Ms. Melson explained the Insurance perspective in detail and how important it is for the Association to understand their coverage. She further stated that she will speak in more specifics than Ms. Machado and from the broad Master Insurance policy perspective. The Association has been covered by The Traveler's Insurance Company for over thirty years. Items affecting insurance costs include:

- Current Insurance Market Conditions: It is a very difficult time in the insurance market. There have been many weather and water related claims from unit owners.
- Underwriting Guidelines: Insurance companies require current Information on individual unit physical component upgrades and maintenance. They require a current reserve study in addition to updated information on the physical components in the individual units.

- Master Policy (Included/Excluded): This is in reference to her next 2 slides listing included things (single entity coverage, blanket building limit, property deductible of \$10,000, earthquake and flood damage limits, and general liability) and excluded (improvements since the 1974 conversion to condos, personal furniture, personal liability in homes).
- Homeowner's Insurance policies (HO6 - owner/ HO4 - renter)
- Three conditions to trigger coverage.

Ms. Melson further explained about the Fairlington Meadows Master Insurance policy. The originally conveyed "amenities" that were provided from the developer in 1974 to the purchaser are the "amenities" insured by the policy. The property deductible is \$10,000 per occurrence. Ms. Melson explained in detail about HO6 (Owner) and HO4 (renter) policies.

The dwelling insurance coverage should always be up-to-date. Floods are not typically covered in an HO6 owner policy but may be purchased as an additional rider.

Mr. Spytek stated that an important factor driving having this checklist completed by unit owners is the rising cost of insurance. Hence the need for an updated unit checklist that lists internal unit amenity and appliance information. This plays a vital role in getting a better Insurance quote. Ms. Adelson stated that it is important that owners know that this past year, Ms. Melson was able to obtain only three insurance after bids from eleven companies were approached because the Meadows buildings are getting old and the insurance companies need updated information to assess risk. Insurance companies will not choose to insure nor will offer insurance bids at a much higher rate if the updated information is not provided. Ms. Melson stated that the loss ratio of Fairlington Meadows is currently 43% which is "not that bad."

#### **IV. RESIDENTS OPEN FORUM**

- Owner inquired if the slides can be posted or uploaded on Townsq. Mr. Spytek stated that they will be uploaded on Townsq and the Meadows website.
- Owner inquired that if an owner does not have information on the dates of the installation of amenities, then Mr. Spytek stated that they can fill out the last dates of service on those items.
- Owner inquired if the forms can be filed electronically. Mr. Spytek stated that it will be further discussed by the Board if there is an electronic version available but all unit owners will receive the checklist form by mail.
- Owner inquired about Individual unit Insurance coverage amounts. Ms. Melson stated that she would provide the Generic certificate of Insurance to Ms. Abraham to share so that owners can compare and better understand their individual Insurance coverage.
- Ms. Melson stated that an owner's personal Insurance Company should be providing a checklist so that the owner can feel confident in their coverage items and amounts.

#### **V. ESTABLISHMENT OF NEXTBOARD MEETING – March 17, 2021**

#### **VI. EXECUTIVE SESSION**

Final

**MOTION:** Ms. Adelson **MOVED** to convene into Executive Session at 8:39pm to discuss Rees Broome and the delinquency report and Homeowner issues. The **MOTION** was **SECONDED** by Ms. Gil and **PASSED** by unanimous consent.

**MOTION:** Ms. Gil **MOVED** to reconvene into Open Session at 8:48pm. The **MOTION** was **SECONDED** by Ms. Adelson and **PASSED** by unanimous consent.

**VII. RATIFICATIONS FROM THE EXECUTIVE SESSION**

- The Board discussed Craig's hours to work remotely until he is given MD permission to drive and lift more than five pounds.
- The Board discussed modifying the Bylaw Rules of Conduct to change the 18 inch patio fence rule regarding the distance the masonry needs to be from the fence. Owners need to be made aware that if the Association, in completing any maintenance of the patio fence, it is damaged due to the masonry being closer than 18 inches, or if there is a water mitigation issue as a result of the masonry being closer than 18 inches to the fence, the Association is not responsible for the damage.

**VIII. ADJOURNMENT**

**MOTION:** Ms. Brown **MOVED** to adjourn at 9:10pm. The **MOTION** was **SECONDED** by Ms. Gil and **PASSED** by unanimous consent.

---

Respectfully Submitted by: Dolly Sharma, Recording Secretary