

**Williamsburg Bluffs
Community Association, Inc.**

SPECIAL NOTICE

Pursuant to Section 55-509.9 (B) of the Virginia Property Owners' Association Act which reads in part "The settlement agent, when transmitting funds to the association or the common interest community manager, shall, unless otherwise directed in writing, provide the preparer of the disclosure packet with (i) the complete record name of the seller, (ii) the address of the subject lot, (iii) the complete name of the purchaser, (iv) the date of settlement, and (v) a brief explanation of the application of any funds transmitted or by providing a copy of a settlement statement, unless otherwise prohibited."

We request that a copy of the settlement statement or a form with the above information be sent to:

**UNITED PROPERTY ASSOCIATES
525 S. INDEPENDENCE BLVD. SUITE 200
VIRGINIA BEACH, VA 23452**

or by fax

(757) 497-9133

within seven days of closing

DEBIT AUTHORIZATION FORM

I (we) hereby authorize **Williamsburg Bluffs Community Association, Inc.** or its agent to initiate debit entries to my checking/savings account(s) at the financial institution listed below and if necessary, initiate adjustments for any transactions debited in error. This authority will remain in effect until **Williamsburg Bluffs Community Association, Inc.** is notified by me (us) to cancel it in such time as to afford **Williamsburg Bluffs Community Association, Inc.** and the financial institution a reasonable opportunity to act on it.

I acknowledge my right to receive prior notice of any debit entry which varies from the approved monthly/quarterly/semi-annual/annual association fee debit entry in any amount.

NAME OF PROPERTY OWNER'S FINANCIAL INSTITUTION OR BANK

ADDRESS OF FINANCIAL INSTITUTION – BRANCH, CITY, STATE, & ZIP

X _____
PROPERTY OWNER(S) SIGNATURE DATE

NAME OF PROPERTY OWNER(S) – PLEASE PRINT

PROPERTY ADDRESS – PLEASE PRINT

MAILING ADDRESS (IF OTHER THAN PROPERTY ADDRESS) – PLEASE PRINT

If this authorization is received by **Williamsburg Bluffs Community Association, Inc.** prior to the **20TH** of the current month the first draft will occur on _____ (month) 20____. Each payment thereafter will occur on the **2nd day of the month in which payment is due** unless the 2nd should fall on a weekend or bank holiday. In that instance, the payment will be drafted on the following business day.

Account Type (circle one): CHECKING or SAVINGS

BANK ACCOUNT NUMBER (Second Set of Numbers): _____

BANK ROUTING NUMBER (First Set of Numbers): _____

PLEASE INCLUDE:
1) Initial Setup Fee of \$10.00 made payable to UPA
2) Voided Check

Return this form, payment, and voided check to:

United Property Associates
Attn: ACH Division
525 S. Independence Blvd., Ste. 200
Virginia Beach, VA 23452-1189
Fax: (757) 497-9133
Email: ach@unitedproperty.org

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**PLEASE DO NOT WRITE BELOW THIS LINE. THE FOLLOWING SECTION IS FOR COMPANY USE ONLY!**

ASSOCIATION NUMBER: \_\_\_\_\_ AMOUNT: \_\_\_\_\_

UNIT NUMBER: \_\_\_\_\_ PER:  Month  Quarter  Semi-annual  Year

RECEIVED: \_\_\_\_ / \_\_\_\_ / \_\_\_\_ ACCOUNT TYPE:  Checking  Savings

START DATE: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

ENTERED BY: \_\_\_\_\_ ON: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

## Homeowner Information Form

Please fill out and return this form to United Property Associates at the address below (or fax to 757-345-5385) so that we may assist you in the event of a fire or water pipe break involving your unit (emergencies which typically occur when people are out of town).

Unit Address \_\_\_\_\_ Williamsburg Bluffs Community Association, Inc.

Owner Mailing Address (if different from unit address) \_\_\_\_\_

\_\_\_\_\_ Telephone ( ) \_\_\_\_\_

Owner(s) Full Name(s) \_\_\_\_\_ Work Phone ( ) \_\_\_\_\_

Place of Employment \_\_\_\_\_ Social Security # \_\_\_\_\_

Owner(s) Full Name(s) \_\_\_\_\_ Work Phone ( ) \_\_\_\_\_

Place of Employment \_\_\_\_\_ Social Security # \_\_\_\_\_

Email address \_\_\_\_\_

### If Rented:

Name of Tenant(s) \_\_\_\_\_ Work Phone ( ) \_\_\_\_\_

Name of Tenant(s) \_\_\_\_\_ Work Phone ( ) \_\_\_\_\_

Property Management Company \_\_\_\_\_ Telephone ( ) \_\_\_\_\_

Email address \_\_\_\_\_

If unable to complete this form in its entirety, please complete as much as you are able and return immediately to:

Williamsburg Bluffs Community Association, Inc.  
103 Bulifants Blvd., Suite A  
Williamsburg, VA 23188

Fax: (757) 345-5385

If you have any ideas about improvements or would like to bring something concerning the association to our attention at this time, please detail below:

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# Williamsburg Bluffs Community Association. Inc. (WBCA) Architectural Change Request Form

Submit Architectural Request Form to: Williamsburg Bluffs Community Association, Inc. (WBCA)  
C/O United Property Associates (UPA) Property Management, Attn: Dori Kiraly, 103 Bulifants Blvd, Suite A,  
Williamsburg, VA. 23188. Phone: 757-345-5383, Ext. 482 or Fax to: 757-345-5385

Date Received UPA \_\_\_\_\_ Date Received ACB Committee \_\_\_\_\_

Name of Applicant \_\_\_\_\_ Home & Work Phone \_\_\_\_\_

Address \_\_\_\_\_ Building permit applied for?  Yes  No

Description of changes desired – Please give full details of the purpose and/or reason, type, and color of material to be used, and location on the property.

Proposed Improvement \_\_\_\_\_

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Planned Starting Date \_\_\_\_\_ Planned Completion Date \_\_\_\_\_

For architectural and major landscape improvements please submit two (2) copies of your proposed plans including, one (1) each to the three (3) ACB committee members and one to the Association Property Manager:

1. Location and outline of house. Lot lines and dimensions.
2. Dimensions of proposed improvement and relation to house lot lines.
3. Details: Description of materials and colors.
4. Elevation drawings of improvements, fences, etc.
5. Landscape plan, plant material, quantities, mulch materials, type of irrigation.
6. **Paint samples; in order to expedite the approval process, it is recommended that you paint a sample of the paint pallett you propose on your garage door or somewhere in the entrance area so the ACB committee members can see that the colors are consistent with the sample.**
7. Name, address, and phone numbers of applicant's architect and contractor (if applicable).
8. Any additional information which the ACB committee deems necessary

If the request is for a structural change, grounds planting, fencing, rearrangement, etc., ***please attach a copy of your plat which shows your property lines, location of your dwelling on the property and any easements, and provide a drawing on your plat showing the nature, shape, size, and the relative location of the change/addition you are planning.*** Ensure your proposal meets all local codes and easement requirements and contact MISS UTILITY at 800-552-7001 for guidance on digging and the location of your project. You will receive a response by the ACB Committee within sixty (60) days of receipt.

**NOTES:** 1. Nothing contained herein shall be construed to represent that alteration to land or buildings in accordance with these plans, shall violate any of the protective covenants nor any of the provisions or Building and Zoning Codes of York County to which the above property is subject. Further, nothing herein contained shall be construed as a waiver or modification of any said restriction.

2. The Code of York County for Building Inspections requires that you file an application for the building permit for structural changes. In addition, you as the homeowner are responsible in validating whether your property is located within the Resource Management Area (RMA) and/or the Resource Protection Area (RPA). Contact York County Environmental and Development Services at 757-890-3750, fax 757-890-3759 or e-mail at: [eds@yorkcounty.gov](mailto:eds@yorkcounty.gov) for assistance.

3. This application usually takes no longer than sixty (60) days for complete review and an answer delivered to the applicant. In the event additional information is required, the ACB Committee will notify the applicant directly.

4. The ACB Committee shall return a copy of this application to you the Homeowner after review with a courtesy copy to the Property Management Company.

**HOMEOWNER COMPLIANCE STATEMENT**

I, the undersigned, do, agree, that if any request is approved, I will build or plant or have built or planted, the above within the approved time period, according to the plans, specifications and descriptions submitted with this request. I am aware that any variation from the approved request could result in an order to remove the non-complying item, or to modify it to comply with the approved request. I am also aware that the approval of my request by the Architectural Control Board (ACB) Committee in no way supersedes permits required by the York County Building Department or any other government agency. I agree to not start any improvements prior to receiving approval. I also understand the Board of Directors will impose a fine as authorized by established HOA laws of which I will pay.

Signed \_\_\_\_\_ Date \_\_\_\_\_

Signed \_\_\_\_\_ Date \_\_\_\_\_

.....  
**ACB USE ONLY – PLEASE DO NOT WRITE BELOW THIS SPACE**  
\_\_\_\_\_

**ACTIONS TAKEN**

Date Application Sent to ACB for Review \_\_\_\_\_

Date Reviewed by the ACB \_\_\_\_\_

**DECISION OF ACB COMMITTEE DATE** \_\_\_\_\_

\_\_\_\_\_**APPROVED AS SUBMITTED**

\_\_\_\_\_**APPROVED AS AMENDED/SUBJECT TO MODIFICATIONS(S) LISTED BELOW**

\_\_\_\_\_**DISAPPROVED FOR REASON(S) NOTED BELOW**

\_\_\_\_\_**DEFERRED TO BOARD OF DIRECTORS**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Authorized Association Official's Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

Table of Contents  
for  
Williamsburg Bluffs  
Community Association, Inc.

- I. *Certificate for Resale*
- II. *Minutes*
- III. *Certificate of Annual Report*
- IV. *Declaration*
- V. *Articles of Incorporation*
- VI. *Bylaws*
- VII. *Rules & Regulations*
- VIII. *Policy Resolutions*
- IX. *Budget*
- X. *Insurance Information*
- XI. *Reserve Study*

*Certificate for Resale*



## HOMEOWNERS' ASSOCIATION CERTIFICATE FOR RESALE

### Williamsburg Bluffs Community Association, Inc.

Purchaser: Jeffery & Mindy Moore

Seller: Andrew & Kathryn Vicks

Property Addresses: 201 Haymaker Pl., Williamsburg, VA 23185

1. The Association is named **Williamsburg Bluffs Community Association, Inc.** and is incorporated in the State of Virginia.
2. The Registered Agent for the Association is: Dustin Devore, Kaufman and Canoles, 4801 Courthouse St. Suite 300. Williamsburg, Va. 23188, 757-259-3808.
3. The status of assessments with respect to the above listed property is as follows:
  - Cost of the resale/disclosure package: **\$225.00-\$250.00**
  - Assessments are paid though: **April 30, 2014**
  - Open Delinquency: **\$0.00**
  - Unpaid special assessments: **\$0.00**
  - Late Charge: **\$0.00**
  - The Buyer shall pay a post closing fee of **\$50.00**
  - The annual owner assessment for the 2014 fiscal year is **\$456.00** and is payable and due on the **first of each month** in the amount of **\$38.00.**
4. There is no other entity or facility affiliated with **Williamsburg Bluffs Community Association, Inc.** to which the Lot owner may be liable for fees or other charges.
5. The following, if any, is a list of any expenditure of funds approved by the Association or the board of directors which shall require an assessment in addition to the regular assessment within the current or the immediately succeeding fiscal year: **None**
6. As of the date of this Certificate, there is a balance in the Replacement Reserve Account(s) of approximately **\$52,051.22.** A reserve study was completed on November 1, 2009 and is included in the Resale/Disclosure Package. Of the replacement reserve balance, the board of directors or by the Association has approved the following amounts for the following projects: **None.**
7. Attached with this certificate are copies of the current operating budget for 2014 and a copy of the current balance sheet.
8. There are no unsatisfied judgments against the Association on record with United Property Associates, nor any pending suits in which the Association is a party, except as follows: **None**

9. The Association currently maintains liability insurance as required by the governing documents. There is a \$500.00 deductible provision.

The Association's liability insurance agent, address and telephone number is:

Towne Insurance, 110 Westover Avenue, Williamsburg, Virginia 23188. (757) 229-5757.

The Association does have a fidelity bond or loss of funds insurance coverage in the amount of \$100,000 with the same agent/agency stated above.

The Association hereby recommends each owner obtain adequate insurance coverage for the owner's liability, contents, betterment's, improvements and valuables, and covering property damage not covered by the Association's policies. Each owner is urged to consult with a qualified insurance agent.

10. Improvements, alterations or violations, if any, made to the owners' property or limited common elements assigned thereto are not in violation of the associations' instruments except as follows: None known at this time.

11. Restrictions and/or limitations set forth on the right to place a sign of advertisement regarding "For Sale" and "For Rent" signs, is as follows: The Declaration limits a Lot owner's rights to place a sign on the owner's Lot advertising the Lot for sale.

Article VI, Section 2. (12) Signs. No signs of any type shall be displayed to the public view on any Lot, Unit or Common Area, except one (1) sign of not more than ten (10) square feet advertising the property for sale or rent.

12. Guidelines and rules established regarding the right to display any flag: The Architectural Guidelines do not limit a Lot owner's rights to place a flag on the owner's Lot.

*3.6 Flags and Flagpoles.* The Board of Directors encourages displays of patriotism by Residents through flag display. At the same time, the Board must establish rules and regulations identifying the flags that may be flown, the manner in which they may be flown, and the number that may be flown at any one residence in order to maintain the high standards that characterize Williamsburg Bluffs generally.

3.6.1 Residents may fly the flag of The United States of America; the Commonwealth of Virginia; any active branch of the armed forces of the United States; or a military valor or service award of the United States. The Board, acting in its sole and absolute discretion may prohibit the display of any other type of flag that it deems inappropriate or offensive.

3.6.2 No flag may be placed within any residence at Williamsburg Bluffs so as to cover a door or window in whole or in part

3.6.3 Flags may only be flown on a house mounted pole not more than six (6) feet in length.

3.6.4 Free standing or in-ground flagpoles of any type are prohibited.

3.6.5 No more than one house mounted pole may be installed on any lot.

3.6.6 Residents must exercise due care to assure that any flag that is flown is in good condition. The Board may require the removal of any flag being flown that it finds to be torn, frayed or tattered, stained or otherwise if a resident fails to replace such flag with a

suitable replacement within ten (10) days after receiving a request to do so from the Board.

3.6.7 If the flag of the United States of America is flown, it must be flown in compliance with the provisions of the American Flag Code. The Board may require the removal of any flag not being flown in compliance with such Code if the resident fails to remedy any violation of such Code within ten (10) days after receiving a request to do so from the Board.

13. Restriction, limitation, or prohibition on the right of a unit owner to install or use solar energy collection devices on the unit owner's property are as follows: Antennae. Exterior television or other antennae, including, but not limited to, individual and group antennae, except as approved by the ACB, are prohibited.
14. The annual report expiration date is December 31, 2014, and the Filing Number is 0550 005331.

15. Attached to this Certificate are copies of:

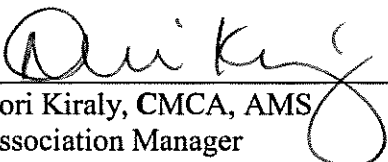
- a) The current Declaration and any amendments thereto;
- b) The By-Laws and any amendments thereto;
- c) Rules and Regulations, Covenants and Architectural Control Guidelines
- d) Articles of Incorporation (if incorporated)
- e) Budget adopted for 2014
- f) Certificate of Insurance
- g) Minutes

The information contained in this Certificate for Resale, issued pursuant to the Virginia Property Owners Act, Section 55-509.5 as amended, is current as of the date hereof.

The name and address of the management agent of the association is:

Williamsburg Bluffs Community Association, Inc.  
c/o United Property Associates  
103 Bulifants Blvd. Suite A  
Williamsburg, Virginia 23188

This certificate of resale was executed on the 22<sup>nd</sup> day of April 2014.

By:   
Dori Kiraly, CMCA, AMS  
Association Manager

*Minutes*

## Williamsburg Bluffs Board Meeting

4 March 2014

TO: Board of Directors' - Williamsburg Bluffs Community Association  
FROM: Robert Perez (President)  
SUBJECT: February 26, 2014 Board Meeting Minutes

These are the minutes of The Williamsburg Bluffs Community Association's Board meeting held on February 26, 2014 at the UPA Office located in Williamsburg VA.

The meeting was called to order by Board President Robert Perez at 6:53pm.

Present at the time were Board President Robert Perez, 1<sup>st</sup> Vice President Brad Brooks, 2<sup>nd</sup> Vice President Joe Castro, and new UPA Property Manager Ms. Dori Kiraly. Also in attendance was one homeowner Lisa Perez.

A quorum was met.

### OPENED MEETING FOR HOMEOWNER COMMENTS:

There were none.

### END OF HOMEOWNER'S COMMENT PERIOD:

The minutes for the previous regular board meeting conducted December 2013 were reviewed. A motion was made by Brad Brooks to approve the minutes as written and was seconded by Joe Castro. The minutes for the Board meeting of December 2013 were approved.

### COMMITTEE REPORTS

**ACB Issues:** A recent ACB request submitted 27 January 2014 for a privacy fence was surfaced by Dori. Joe Castro confirmed that Paul Sidhu from the ACB committee had received the application but had some questions. Dori will send a follow-up email to Paul to clear up any issues.

**Social Committee:** Nothing significant to report.

**Finance Report:** Brad Brooks stated that the finances are looking good. End-of-year report dated December 31, 2013 reflected our income was up by \$1,335.00 compared to last year. Robert suggested that it may be an accumulation of late dues, fees and/or collection fees as well. Dori will confirm reason for the increase. The Board asked Dori to confirm if the water bill had come in to confirm the cost of refilling the pool resulting from major resurfacing repairs. Brad noted that the current WBCA HOA's insurance is scheduled to renew in August and was wondering if we may see a price increase in the HOA monthly premium. The Board will keep a close watch on this item.

**Grounds Committee:** The Board asked Dori to validate if current 2014 approved grounds contract can be challenged to allow other bids that came in late in the process. The only

comment about the ground contract was that the Board rested that they were unaware that the contract was written for two years vice one year as done in the past. It was stated that the Board is always trying to save the community money when other affordable vendor are available. Robert recommended that any and all community contracts be written on a one-year basis. Dori was going to re-verify the current Steadfast Mobile grounds contract is through 2014. Later in the meeting Brad surfaced the mulch in the playground area, and a request had been made to bid on how much the rubberized playground mulch would cost.

**Pool Committee:** Current pool contractor Pool Specialties and Supplies had stated that his rates would not change for 2014. Robert asked Dori to check with two other companies so the Board could compare similar contracts; eg. 4-day service, starting at 9:00am to clean the pool, etc. Robert said that the dedicated pool committee had closed the pool every night for the past years, and that has continued to save the community dollars and will continue this process going into 2014.

**Managers' Report:** The managers' report was accepted by the Board unanimously.

**Unfinished Business:** Robert stated that he had been in communication by email with Mr. Devore, the HOA attorney, who is reviewing the Decorations and the Bylaws that have not been updated in many years. The Board would like some language to be put into the Decorations and Bylaws that would give the Board some more options when it comes to violations. Brad asked Dori if there were any other communities that had already gone through this process that we could compare our documents to theirs in order to save on attorney fees and make changes in-house and then forward for legal review on any amendments.

Robert also asked Dori to notify him and the Board of any new homeowners and/or new renters so he can begin delivering welcome Baskets.

Joe Castro brought up the roof repair issue, from the December Meeting. Dori needs to draft a letter to the homeowners that were identified as having mismatched roofs in the subdivision, and find out when they plan to repair/replace the mismatched roof shingles. Dori will send a draft letter to the Board for their review and approval before sending to the homeowner in question.

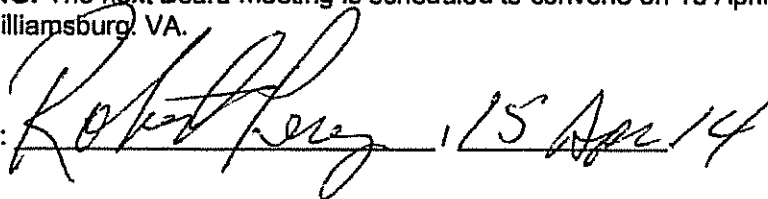
**Observation from our new property manager:** Dori has already gone through the neighborhood, and stated that the biggest violation she noticed was the number of trash cans that were left out in plain sight. Robert recommended that those issues like trash cans and power washing be put in the next Bluffs Newsletters continually through the end of July if necessary to assist in getting this growing concern resolved. Dori planned on sending a list of violators via e-mail to the Board relative to the trash can issue.

**EXECUTIVE SESSION:** An executive session was convened at 7:46pm. No items were voted on during the Executive Session. Regular session reconvened at 7:55pm.

**ADJOURNMENT:** Joe Castro motioned to adjourn the meeting, seconded by Brad Brooks. Vote unanimous. Meeting adjourned at 7:57pm.

**NEXT BOARD MEETING:** The next Board meeting is scheduled to convene on 15 April 2014, 6:30pm, UPA Office, Williamsburg, VA.

Board Approved/Date:

 15 Apr 14

## Williamsburg Bluffs Board Meeting

January 31, 2014

To: Board of Directors' - Williamsburg Bluffs Community Association (WBCA)  
From: Holly Talley (Secretary)  
Subject: December 17, 2013 Meeting Minutes

These are the minutes of The Williamsburg Bluffs Community Association Board of Directors meeting held on December 17, 2013 at the Riverside Doctor's Hospital, Hwy 60 and Route 199, President's Dining Room, Williamsburg, VA.

The meeting was called to order by Robert Perez, Board President at 6:33pm.

Present at the time were President; Robert Perez, 1<sup>st</sup> Vice President; Brad Brooks, 2<sup>nd</sup> Vice President Joe Castro, UPA Property Manager; Randy Kline and one homeowner Lisa Perez.

Quorum was met.

### OPENED MEETING FOR HOMEOWNER COMMENTS:

There were none.

### END OF HOMEOWNER'S COMMENT PERIOD:

The minutes for the Board of Directors meeting held October 2013 were presented for approval. The previous meeting minutes were read and a motion was made by Brad Brooks to approve the minutes as written. This was seconded by Joe Castro and minutes were approved.

**ACB COMMITTEE:** There were no ACB requests submitted. Previously identified roof repair issues were discussed again. Mr. Kline explained that our HOA Attorney, Mr. Devore is working on this issue and updating our HOA documents for stiffer violation penalties. Mr. Kline explained that we should plan for 2014 to disseminate information to the homeowners with regards to what processes take place when there are HOA violations and what actions are taken to assure that requirements of HOA are met. In regards to the roof repair violations, the board requested a draft letter be drafted by Mr. Kline's office that would ask the offending homeowners to appear at a scheduled board meeting to discuss their plans for their pending roof repairs. The board has not yet received this draft letter and requested this again from Mr. Kline. In addition, during Brad and Robert's tree removal community walk -thru, they discovered several homes with sheds that potentially may not have submitted ACB applications. This subject will be tabled at the February meeting for further looking into.

**SOCIAL COMMITTEE:** Nothing significant to report.

**FINANCE COMMITTEE:** Brad reported that expenses are under budget. There will be an unscheduled expense for the water to refill the pools after resurfacing of both wading and adult pools. This bill should be received sometime in February or March of 2014. The WBCA has not yet received final billing from High Sierra for these major pool repairs.

**GROUNDS COMMITTEE:** Nothing significant to report. Mr. Kline reminded the board that a 2-year contract was signed last year with our current landscaper Joe Robers from Steadfast Mobile Services. Robert suggested that going forward the HOA will only entertain yearly contracts. This gives the board an opportunity to shop around, if landscaping work is not satisfactory or is becoming non-cost effective.

**POOL COMMITTEE:** Mr. Kline asked Steve Andersen from Pool Specialties and Supplies (current pool maintenance contractor) to have pool cover installed by year's end. Also, a chlorinator was removed and a new bypass switch was installed in the pump room. The board was not aware of this replacement. The board had not received any notice of this replacement, nor has a bill been received. Mr. Kline will check with Steve regarding these items. A new mechanical timer is going to be installed prior to pool opening in 2014.

**MANAGER'S REPORT:** The point of contact at Riverside Doctor's Hospital that schedules the board meetings is Deanna. Mr. Kline will be contacting her in January to schedule the board meetings as far in advance as possible. There are no guarantees Mr. Kline will be successful in securing the room for 2014 and beyond. Mr. Kline will be contacting the owner of Rent-A-Hubby Services to discuss the tree removal in the common areas that may be a safety hazard. During the first board meeting in February 2014, the board will also discuss continuance of Ms. Hope's contract as the WBCA webmaster. The board is very pleased with the new webpage developed and designed for the Bluffs Community by Ms. Hope.

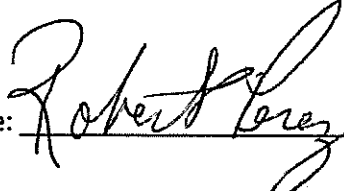
**UNFINISHED BUSINESS:** No unfinished business.

**NEW BUSINESS:** Brief discussion was made in regards to completing an updated Bluffs Directory for 2014. Item to be tabled further for final Board decision.

**EXECUTIVE SESSION:** There was no executive session.

**ADJOURNMENT:** Motion by Brad Brooks to adjourn and seconded by Joe Castro. Meeting was adjourned at 7:26pm.

Board Approved/Date:

  
Robert Lopez 26 FEB 14



## Williamsburg Bluffs Board Meeting

October 23, 2013

To: Board of Directors'-Williamsburg Bluffs Community Association (WBCA)  
From: Holly Talley (Secretary)  
Subject: October 21, 2013 Meeting Minutes

These are the minutes of The Williamsburg Bluffs Community Association (WBCA) Board of Directors' Meeting held on October 21, 2013 at the UPA Office located at 103 Bulifants Blvd., Suite A, Conference Room, Williamsburg, VA.

The meeting was called to order by Robert Perez, Board President, at 7:20pm.

Present at the time were President; Robert Perez, 1<sup>st</sup> Vice President; Brad Brooks, Secretary; Holly Talley, UPA Property Manager; Randy Kline and one homeowner.

Quorum was met.

### OPENED MEETING FOR HOMEOWNER COMMENTS:

There were none.

### END OF HOMEOWNERS COMMENT PERIOD

The minutes for the Board of Directors' meeting held August 20, 2013 were presented for approval. The previous meeting minutes were read and a motion was made from Brad Brooks to approve the minutes as written. This was seconded by Holly Talley and minutes were approved.

**ACB COMMITTEE:** Since the last board meeting, one ACB request was received for tree removal and the request was approved.

**SOCIAL COMMITTEE:** Social Committee member Pattie Ferebee requested to move from the Social Committee to the Grounds Committee and/or the Pool Committee. Board agreed that the November newsletter would include a request for new volunteers for the Social Committee.

**FINANCE COMMITTEE:** Brad Brooks stated that the budget is on target.

**GROUND'S COMMITTEE:** Ground has been broken to begin construction of new sidewalk extension that leads from the steps to nowhere off Parchment Blvd to the sidewalk leading to the pool gate area. Project is expected to be completed no later than 30 Oct 13.

**POOL COMMITTEE:** The board reviewed written proposals from three (3) pool companies for repairing and resurfacing the adult pool, to include the wading pool. Proposals have been received from Sage Pool Services, Stewart Felty Services, and High Sierra Pools. Proposals are written to repair damaged areas in main pool to include resurfacing the entire adult and wading pool. Proposals range from \$19,000-\$21,000. Board will review all proposals further and provide a 24-hour turnaround on recommended decision for Board voting.

**MANAGER'S REPORT:** Randy Kline will confirm the meeting room at Riverside Doctor's Hospital, Williamsburg to be used for the upcoming Annual Board Meeting to be held on Saturday, November 2, 2013. Also, he inquired about reserving this same meeting room at the hospital for all regular board meetings in 2014 held every 3<sup>rd</sup> Tuesday of every other month beginning in January 2014. Robert signed the reorder form for the 2014 HOA dues payment coupon books and the 2013 tax preparation agreement form for Stephen Merritt, CPA, P.C. (Certified Public Accountants) to continue to do our yearly HOA taxes. To-date, Randy has received 8 mailed-in proxies for the board elections. This year there will not be door-to-door reminders by the board members.

Brad indicated he called Mr. Dustin DeVore with regards to his cost for services and if he is available to represent the Williamsburg Bluffs HOA. Mr. DeVore has experience with HOAs and his standard hourly rate is \$300.00. Brad made a motion to accept Dustin DeVore as the Bluffs new HOA attorney and the motion was seconded by Holly Talley. First action of the Board is to have Mr. DeVore review and update the Williamsburg Bluffs HOA governing documents. After our new attorney is confirm, the Board will authorize UPA to release all governing documents for his review in Oct 13. A certified letter will be sent to the current HOA attorney, Mr. Richard Gordon stating that his services are no longer needed and an acceptance letter from UPA on behalf of the Board will be sent to Mr. DeVore.

The Board has identified that the trees in the common areas need to be re-assessed for potential hazards and removal. Randy will be scheduling an appointment for Board members to meet with Greg Stokes (Rent-a-hubby) to perform a community walk-thru of the common areas. Projected date for the Board to meet with Mr. Stokes will be November 9<sup>th</sup> at 9:00am with a backup date of November 10<sup>th</sup> 9:00am.

Randy updated the Board on letters sent to residents requesting repairs to their roofs. Of the two letters that were sent out, one resident responded in June and to-date has taken no action on the repair. The second roof letter recipient has received two letters thus far and has not responded to either of the letters. There are two additional residents that may be receiving a roof letter as well. Following procedure, a third letter is going to be sent to those residents stating that they will be requested to appear before the Board at a Due Process Hearing. The letter would also explain the penalty for non-compliance. Randy will prepare a draft letter to be reviewed by the Board. Randy wants to be assured that there will be a quorum of the board member availability to meet with these residents at the Due Process hearing.

**UNFINISHED BUSINESS:** No unfinished business.

**NEW BUSINESS:** No new business.

**ADJOURNMENT:** Motion by Brad Brooks to adjourn and seconded by Holly Talley. Meeting was adjourned at 8:06pm.

WBCA Approved/Date: Robert Perez 117 Dec 13

## Williamsburg Bluffs Board Meeting

October 17, 2013

To: BOD-Williamsburg Bluffs Community Association  
From: Holly Talley  
Subject: August 20, 2013 Meeting Minutes

These are the minutes of The Williamsburg Bluffs Community Association Board of Directors meeting held on August 20, 2013 at the Sentara Doctors Hospital, Hwy 60 and Route 199, Presidents Dining Room, Williamsburg, VA.

The meeting was called to order by Robert Perez, Board President, at 6:42pm.

Present at the time were President; Robert Perez, 1<sup>st</sup> Vice President; Brad Brooks, Treasurer; Sarah Case and UPA Property Manager; Randy Kline. No homeowners were present.

Quorum was met.

### OPENED MEETING FOR HOMEOWNER COMMENTS:

There were none.

### END OF HOMEOWNERS COMMENT PERIOD:

The minutes for the Board of Directors meeting held June 18, 2013 were presented for approval. The previous meeting minutes were read and a motion was made from Brad Brooks to approve the minutes as written. This was seconded by Sarah Case and minutes were approved.

**ABC COMMITTEE:** One ACB request was submitted and approved.

**SOCIAL COMMITTEE:** Nothing to report.

**FINANCE COMMITTEE:** Per Brad Brooks, year-to-date HOA is approximately \$6,000.00 over budget.

**GROUNDS COMMITTEE:** Brad installed pavilion downspout and new end-cap. The Board will have supporting legs of swing set assessed for safety and stability purposes. Board requested Joe Robers from Steadfast Mobile Services to review and assess if repairs/build up to the base is required. If repairs are required, they will be worked on later in the year. Board discussed a sidewalk to be installed from the top of the stone steps (that lead from the street near the play area) to the walk that leads to the pool. Brad will have quotes submitted to the board as to the cost of this project.

**POOL COMMITTEE:** Per Randy Kline, we will be receiving several quotes regarding the cost to resurface the adult pool. Board needs to consider the cost to drain the pool in order for the repair to take place. If approved, this will take place in the fall of 2013. One new volunteer has been added to the pool committee.

An electrician will be contacted to install a replacement mechanical timer for the adult pool lights. Board members will be moving pool furniture to the shed after pool closing.

**MANAGER'S REPORT:** Randy confirmed annual meeting will be Saturday, November 2, 2013 and possibly have the meeting at Riverside Doctor's Hospital, 1500 Commonwealth Ave, Williamsburg, VA. Brad will confirm if President's meeting room at the Hospital is available. UPA is still experiencing issues with residents not maintaining their lawns properly and timely. It was discussed what other measures could be taken. Letters are being sent to the offenders stating what steps the board will be taking if issues are not addressed immediately. Some of the offenses include; not keeping up with lawn care; overgrown trees; not disposing of grass clippings; mold and mildew buildup on home siding; vehicle left on jacks in front of home. Some are regular offenders that receive notices on a regular basis and make the corrections before the issue reaches due process hearing notifications with UPA and the board. Randy will be sending letters to the identified homeowners as discussed with information to include what will take place if corrective actions are not taken. Brad asked for an update on the roof repair letters. Randy will be inquiring with those that received letters as to when the corrective repairs will be completed. Randy inquired with Robert with regards to the status of an HOA attorney. Robert has received a couple of proposals from attorneys we have contacted. Board discussed a petition for updating the HOA documents. Brad made a motion that the board hires Ms. Hope to maintain our website for a trial period through March 2014. The webmaster monthly maintenance fee is \$25.00 to include posting updated pictures of the neighborhood, uploading the monthly newsletters and board meeting minutes, and other HOA documents. The motion was seconded by Sarah Case. Vote was unanimous. The board discussed the lack of participation from residents in attending the annual meeting and submitting completed ballots for board nominations and voting. The board normally goes door-to-door to remind residents of the upcoming annual meeting and ask for their attendance or to submit their ballots and what options they could give residents to make it easier for residents to submit their ballots. Randy will modify what is sent to residents. Brad reviewed the budget with the board members. The association is ahead of budget. Social committee will stay at \$200. Bank service charge will drop to \$100. Printing will drop to \$800. Coupon books will drop to \$299. Professional fees will stay at \$2,000. Resale package will stay the same. State tax will remain the same at zero. Pool phone will remain the same at \$300. Randy will inquire if this is a fee that can be disposed of, if it is not required for safety issues to be at the pool. Landscaping/tree removal will drop to \$1,800. Other changes will be reflected in the adopted 2014 budget mailed to the homeowners.

**UNFINISHED BUSINESS:** No unfinished business.

**NEW BUSINESS:** No new business.

**EXECUTIVE SESSION:** There was no executive session.

**ADJOURNMENT:** Motion by Brad Brooks to adjourn and seconded by Sarah Case. Meeting was adjourned at 7:55pm.

Approved/Date:

*Robert Perez 21 Oct 13*

## Williamsburg Bluffs Board Meeting

To: BOD-Williamsburg Bluffs Community Association

June 18, 2013

From: Holly Talley

Subject: 18 June 2013 Meeting Minutes

These are the minutes of The Williamsburg Bluffs Community Association Board of Directors meeting held on 18 June 2013 at the Sentara Doctors Hospital, Hwy 60 and Route 199, Presidents Dining Room, Williamsburg, VA.

The meeting was called to order by Robert Perez, Board President, at 6:30pm.

Present at the time were President; Robert Perez, 1<sup>st</sup> Vice President; Brad Brooks, Secretary Holly Talley and UPA Property Manager Randy Kline. Also present one home owner.

Quorum was met.

### OPENED MEETING FOR HOMEOWNER COMMENTS:

There were none.

### END OF HOMEOWNERS COMMENT PERIOD

The minutes for the Board of Directors meeting held 16 April 2013 were presented for approval. The previous meeting minutes were read and a motion was made from Brad Brooks to approve the minutes as written with a modification. Randy made the modification and a reprint was made and signed. The motioned was seconded by Robert Perez, minutes approved.

**ACB COMMITTEE:** Nothing to report.

**SOCIAL COMMITTEE:** The after-school cookout was a huge success. Forty to fifty residents attended. Brad suggested that the time of the event for next year be moved to a later time so that those residents that work later hours can attend. The cheese and wine social will be held on Saturday June 28<sup>th</sup>.

**FINANCE COMMITTEE:** Randy is currently preparing the 2014 budget. There are increases in some of the budget lines that require review in order to determine where other budget lines can be trimmed to avoid HOA dues increases. In accordance with Randy from UPA, it is anticipated that the HOA insurance coverage cost will be increasing when it's up for renewal in 2014. More to follow on this speculation.

**GROUNDS COMMITTEE:** The sink hole near the common area/pool parking lot was a result of an underground busted water line. The repair has been completed by York County. Soccer nets have been ordered by Steadfast Mobile Service. Mulching in the common area will be done the week of June 17<sup>th</sup>. William mason was hired to install wooden partitions in both pool rest rooms to keep birds from nesting. Brad purchased paint and applied two coats to the new wood partitions. Randy asked that a vote be taken to accept Steadfast Mobile Service as the 2013 landscaping company. Brad motioned that we accept their bid and the motion was seconded by Robert. Vote unanimous.

**POOL COMMITTEE:** Robert received a compliment from resident Pattie Ferebee regarding the pool appearance. She commented that the pool water has not looked this good in years. The Reeds will be holding five float-in movie presentations at the pool again this summer as weather permits. The first showing will be held on Saturday June 22<sup>nd</sup>. Brad will be placing cement in and around the area at the hose spicket to fill in an open space since it has become loose.

**MANAGER'S REPORT:** Randy stated that the parking lot is going to be restriped as requested by Robert. Randy received an estimate of approximately \$450 for completion of this project. Sir Speedy has been used recently for the printing of the Bluffs color coordinated newsletter. A complaint letter was received from a resident on Lamplighter regarding his neighbor's backyard gym set. This complaint has been resolved. Brad surfaced an issue with regards to neighbors shooting BB guns into the common area.

Brad turned in a petty cash box which included \$103.19 in petty cash and two checks which dated back to 2008. He received the box from our previous treasurer Paul Haag a few years back. Randy took possession and will put the cash in our Bluffs bank account. Brad indicated that he observed a potential poor line-of-site at the corner of Parchment and Haymaker as a result of a homeowner's tree, and he also reviewed the county code regarding this type of obstruction for the board to review. Randy will review further and determine if this is a concern that should be addressed to the homeowner.

The first roof repair violation letter was sent and Randy received a response from the resident. The resident responded promptly with a phone call and e-mail and is addressing the issue with regards to getting the roof repaired to meet ACB esthetics standards. Furthermore, two additional roof violation letters will be sent to other homeowners for their action. Just Plumbing Inc. was sent to the Bluffs to investigate and repair the bathroom leaking pipes. A few days later the water meter in the pump room burst. Meter was replaced. Randy asked Just Plumbing if they could take care of the drainpipes this fall.

A quote was submitted for a permanent walkway going from the steps at the sidewalk to the Pavilion. As requested, Randy presented a list of HOA attorneys for Board review/selection to represent the Bluffs HOA. Robert will call the attorneys listed and ask for proposals to help narrow the selection. It was discussed removing of trees in common area that may be a safety hazard. The 2009 board approved Tiki Tree assessment report will be used to determine what common area trees require removal this year.

The Board received hands-on training and written instructions from Ms. Hope Hunt, webmaster in support of the Bluffs new webpage. All Board members including UPA has the knowhow to post and update the site for timely and continuity purposes. Ms. Hope serves as website advisor/trainer to the Bluffs Board.

**UNFINISHED BUSINESS:** Randy presented the reserve study to the HOA. A welcome basket will be prepared for new tenants on 106 Bronze Court. A new 2014 Bluffs directory will be prepared soon.

**NEW BUSINESS:** None.

**EXECUTIVE SESSION:** None.

**ADJOURNMENT:** Motion made by Robert to adjourn and seconded by Brad. Meeting was adjourned at 8:00pm.

APPROVED/DATE:

*Robert Reeg* 20 Aug 13

*Certificate of Annual Report*

DEPARTMENT OF PROFESSIONAL AND OCCUPATIONAL REGULATION  
COMMONWEALTH OF VIRGINIA

EXPIRES ON  
12-31-2014

9960 Mayland Dr., Suite 400, Richmond, VA 23233  
Telephone: (804) 367-8500

NUMBER  
0550005331

COMMON INTEREST COMMUNITY BOARD  
COMMON INTEREST COMMUNITY ASSOCIATION REGISTRATION

WILLIAMSBURG BLUFFS COMMUNITY ASSOCIATION,  
INC.



*Gordon N. Dixon*  
Gordon N. Dixon, Director

ALTERATION OF THIS DOCUMENT, USE AFTER EXPIRATION, OR USE BY PERSONS OR FIRMS OTHER THAN THOSE NAMED MAY RESULT IN CRIMINAL PROSECUTION UNDER THE CODE OF VIRGINIA.

(SEE REVERSE SIDE FOR NAME AND/OR ADDRESS CHANGE)



*Declaration*

DECLARATION OF COVENANTS AND RESTRICTIONS

THIS DECLARATION, made this 30th day of September, 1991, by W.A.R.S., Inc., a Virginia corporation, hereinafter called "Developer".

W I T N E S S E T H:

WHEREAS, the undersigned party hereto is the owner, developer and proprietor (hereinafter the "Developer") of the property designated and set out on that certain Subdivision plat entitled "WILLIAMSBURG BLUFFS, Section 1, Phase 1, County of York, Virginia", made by RICKMOND ENGINEERING, INC. dated June 12, 1991, and recorded January 31, 1992, in Plat Book 11, Pages 397-398, in the Clerk's Office of the Circuit Court for the County of York, Virginia; and

WHEREAS, said real property is in the County of York, Virginia, and is briefly described as 59.34± acres on Route 143, formerly owned by Benel Corporation, and more particularly detailed on the subdivision plat abovementioned; and being the same property conveyed to Developer by deed dated May 10, 1988, recorded in said Clerk's Office in Deed Book 519, at Page 168; and

WHEREAS, the Developer, in order to provide for and insure all lot purchasers a uniform mode of development of the property shown on said plat, and to assure said purchasers' and subsequent purchasers' continuation of the original quality of the subdivision, desires that all of said lots embraced within said plat be and are sold subject to certain restrictions, covenants, conditions and easements;

NOW, THEREFORE, the Developer hereby declares, covenants and agrees for itself, its successors and assigns, for all persons, their heirs and assigns, to whom it may sell lots or units in said subdivision known as Williamsburg Bluffs, Section 1, Phase 1, that each and all said lots and units as shown on said plat shall be sold and held by the purchasers thereof, their heirs and assigns, subject to the following restrictions, covenants, conditions, limitations and reservations:

## ARTICLE I

DEFINITIONS

Section 1. "Declaration" shall mean the covenants, conditions and restrictions and all other provisions herein set forth in this entire Document, as same may from time to time be amended.

Section 2. "Association" shall mean and refer to Williamsburg Bluffs Community Association, its successors and assigns.

Section 3. "Developer" shall mean and refer to W.A.R.S., Inc., and its assigns, together with any successor to all or substantially all of its business of developing the Property.

Section 4. "WILLIAMSBURG BLUFFS SUBDIVISION PLAT" shall mean and refer to the graphic and written statement of concepts and principles pursuant to which the community will be developed, said statement being of record in the aforesaid Clerk's Office in Plat Book 11, at Pages 397-398, as may be revised from time to time.

Section 5. "The Property" shall mean and refer to all real property described on WILLIAMSBURG BLUFFS SUBDIVISION PLAT recorded

in Plat Book 11, at Pages 397-398, in the Clerk's Office of the Circuit Court for the County of York, Virginia.

Section 6. "Common Area" shall mean and refer to those areas of land as shown as "Common Area" on that certain Subdivision plat entitled "Williamsburg Bluffs, Section 1, Phase 1, County of York, Virginia" now or hereafter conveyed to the Association or shown on any recorded subdivision plat of the Property and improvements thereon, which are intended to be devoted to the common use and enjoyment of the Members.

Section 7. "Unit" shall mean and refer to any portion of a structure situated upon the Property designed and intended for use and occupancy as a residence by a single family.

Section 8. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property with the exception of Common Area as heretofore defined.

Section 9. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Unit or Lot including contract sellers, but excluding the Developer and those having such interest merely as security for the performance of an obligation.

Section 10. "Occupant" shall mean and refer to the occupant of a Unit who shall be either the Owner or a lessee who holds a written lease having an initial term of at least six (6) months.

Section 11. "Supplementary Declaration" shall mean any declaration of covenants, conditions and restrictions which may be

recorded by the Developer, which amends the provision of this Declaration.

Section 12. "Resolutions" shall mean and refer to the documents containing rules and regulations and policies adopted from time to time by the Board of Directors as same may be amended.

Section 13. "Board of Directors" shall mean the then duly constituted Board of Directors of the Association.

Section 14. "Member" shall mean any Owner and any Occupant not an Owner of a Unit constructed on any Lot.

## ARTICLE II

### PROPERTY SUBJECT TO THIS DECLARATION

#### ADDITIONS THERETO

Section 1. Existing Property. The property which is and shall be held, transferred, sold, conveyed and occupies subject to this Declaration is located in the County of York, Virginia, and is more particularly described on the subdivision plat above.

Section 2. Additions to Existing Property. (a) Additional lands may be annexed to the Existing Property upon approval in writing of the Developer.

(b) Supplementary Declarations. The additions authorized under subsection (a) shall be made by the recording of one or more duly executed and acknowledged Supplementary Declarations of Covenants and Restrictions with respect to additional property or, with respect to areas or facilities devoted to the common use and enjoyment of all Members, by deed of conveyance to the Association. The covenants for assessments set forth in Article IV of this

Declaration shall be deemed to include the maintenance, operation and improvement of that portion of such additional properties devoted to common use and enjoyment of all Members from and after the time such properties are thus added.

(c) Mergers. No merger or consolidation shall affect any revocation, change or addition to the covenants established by this Declaration within the existing property and in such event, the surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the Existing Property together with the covenants and restrictions established upon any other properties as one scheme.

### ARTICLE III

#### COMMON AREA

Section 1. Obligation of the Association. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon (including furnishings and equipment related thereto), and shall keep the same in good, clean, attractive and sanitary condition, order and repair.

Section 2. Members' Rights of Enjoyment. Subject to the provisions hereof, every Member shall have a right of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot or Unit.

Section 3. Extent of Members' Easements. The Members' easements of enjoyment of the Common Area created hereby shall be subject to the following:

(a) the right of the Association to establish reasonable rules and to charge reasonable admission and other fees for the use of the Common Area by guests of Members;

(b) the right of the Association to suspend the right of an Owner to use any portion of its facilities for any period during which any assessment against his Lot or Unit remains unpaid for more than thirty (30) days after written notice;

(c) the right of the Association to suspend the right of a Member to use any portions of its facilities for a period not to exceed ninety (90) days for any other infraction of this Declaration or the Resolutions which remain uncorrected after the last day of a period established for correction by the Association, such period to be stated in a written notice to the Member together with a statement of the infraction complained of and the manner of its correction;

(d) the right of the Association to mortgage any or all of the facilities constructed on the Common Area for the purposes of improvements or repair to Association land or facilities; and

(e) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be desired by the Association.

Section 4. Delegation of Use. Any Member may delegate his right of enjoyment to the Common Area and facilities to the members of his family and to his guests subject to such general regulations as may be established from time to time by the Association.

Section 5. Damage or Destruction of Common Area by Owner. In the event any Common Area is damaged or destroyed by an Owner or his tenants or any of their guests, invitees, licensees, agents or members of their families, the Owner does hereby authorize the Association to repair such damaged area. The Association shall repair said damaged area in a good workmanlike manner in conformance with the original plans and specifications of the area involved, or as the area may have been modified or altered subsequently by the Association in the discretion of the Association. The costs of such repairs shall become a Special Assessment upon the Lot and Unit of such Owner.

Section 6. Title to Common Area. The Developer may retain the legal title to the Common Area or portion thereof until such time as it has completed improvements thereon, but notwithstanding any provision herein, the Developer hereby covenants that it shall convey the Common Area to the Association, free and clear of all liens and financial encumbrances, not later than five (5) years, except as otherwise provided herein, from the date such Common Area or portion thereof is subjected to this Declaration. Members shall have all the rights and obligations imposed by the Declaration, except that prior to such conveyance the Association shall be liable for payment of taxes, insurance and maintenance costs with respect to the Common Area.

Section 7. Maintenance and Repair. The Association shall improve, repair and maintain the Common Area.



COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Developer hereby covenants, and each Owner of any Lot by acceptance of a deed thereto, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the following: (1) first owner fee, (2) annual general assessments or charges, and (3) special assessments.

All such assessments, together with interest thereon at the maximum contract rate allowed by law, and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest thereon and costs of collection thereof, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fee due. No Owner may waive or otherwise avoid liability for the assessments provided herein by nonuse of the Common Area or abandonment of his Lot.

Section 2. Assessments.

(a) Purpose of Assessment. The general assessment levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Property, to enhance the environment, and, in particular for the improvement, maintenance and operation of the Common Area and facilities together with such areas and facilities as may from time to time be designed as future Common Areas.

(b) Basis for Assessment.

(1) Lots. Each Lot upon which there has been erected a Unit which is certified for occupancy by the County of York and all other Lots which have been conveyed to an Owner other than the Developer shall be assessed at a uniform rate.

(2) Developer-owned Property. The Developer shall not be obligated to pay any assessment on Lots it owns unless Developer has erected on a Lot a Unit or units certified for occupancy, which Unit is intended to be held by Developer and not marketed to an Owner other than Developer.

(c) Purchaser Fee. Every purchaser of a Lot or Unit shall pay to the Developer a fee of Fifty Dollars (\$50.00). This shall be a one-time non-refundable fee to establish and maintain cash reserves for the Association and to provide for cash to meet Association expenses. All provisions set forth in this Article referring to liens and their enforcement shall also apply to such fees which, for purposes of establishing liens and enforcement thereof, shall be deemed to be an assessment.

(d) General Assessments. Each Owner shall pay to the Association his proportionate share of the Common Expenses as determined by the number of votes each Owner has in the Association. There shall be one vote for each Lot or Unit owned. Assessments for Common Expenses shall commence with respect to each Lot or Unit upon the first day of the month following conveyance of the Lot or Unit by the Declarant to the first user.

(1) At each annual meeting of the Association, as provided in its Bylaws, the Association shall fix and determine an amount necessary to provide for the Common Expenses for the year commencing on the first day of the month following the month in which the annual meeting occurs, and shall assess against each Owner his proportionate share of the Common Expenses determined by multiplying the total Common Expenses determined as provided above, by a fraction consisting of the number of votes a particular Owner has in the Association divided by the total number of votes in said Association (the total number of votes shall equal the total number of Lots or Units not owned by Developer on that date on the property).

(2) The Board of Directors shall determine and recommend to the Association the annual assessment for the coming year. Such recommendation shall be reported to each Owner not less than ten (10) days nor more than sixty (60) days prior to the annual meeting.

(3) The Association may, at any special meeting duly called, assess such amounts as from time to time may be necessary to cover any insufficiency in the amount established at the annual meeting to meet the Common Expenses for the forthcoming year or for any previous year, or for any other purpose permitted by this Declaration, the Articles of Incorporation or the Bylaws of the Association; provided, that the amount assessed against each Owner shall be his proportionate share of such additional assessment,

determined by multiplying the total amount determined by the Association to be needed, by the fraction described hereinabove.

(e) Payment of Assessments. Unless otherwise agreed, assessments shall be payable in twelve (12) equal monthly installments commencing on the first day of the first month of each assessment year, and continuing on the first day of each month thereafter.

(f) Special Assessments. In addition to the annual assessments authorized above, the Association may levy in any assessment year a special assessment applicable to that year and not more than the next five succeeding years for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon the Common Area, including equipment, fixtures and personal property related thereto, provided that any such assessment shall have the assent of the Developer and of a majority of the votes of the Owners who are voting in person or by proxy at a special meeting duly called for that purpose.

(g) Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence with respect to any Lot or Unit on the first day of the month following conveyance of the first Lot to an Owner who is not the Developer. The initial annual assessment on any Lot or Unit shall be adjusted according to the number of whole months remaining in the fiscal year.

(h) Effect of Nonpayment of Assessment; Remedies of Association. Any assessment not paid within thirty (30) days after

the due date may, upon resolution of the Board of Directors, bear interest from the due date at the maximum contract interest rate provided by law. The lien of the assessments provided for herein, whether or not notice has been placed of record as hereinafter provided, may be foreclosed by a bill in equity in the same manner as provided for the foreclosure of mortgages, vendor's liens and liens of similar nature. A statement from the Association showing the balance due on any assessment shall be prima facie proof of the current assessment balance and delinquency, if any, due on a particular Lot or Unit. The Association may bring an action at law against any Owner personally obligated to pay the same, either in the first instance or for deficiency following foreclosure, and interest and costs of any such action (including reasonable attorney's fees) shall be added to the amount of such assessment.

(i) Lien for Payment of Assessments and Subordination of Lien to First and Second Mortgages. There shall be a continuing lien upon each of the individual Lots or Units herein, in order to secure the payment of any of the assessments provided under this Declaration, but such lien shall be at all times subject and subordinate to any first or second mortgages or deeds of trust placed on the property at any time; except that, at such time as the Association places to record a notice of delinquency as to any particular Lot or Unit at such place as instruments for conveyance and liens are recorded for such Lot or Unit on a form prescribed by the Board of Directors, then, from time of recordation of said notice the lien of such delinquent assessments in the amount stated

in such notice shall from that time become a lien prior to any first or second mortgages or deeds of trust placed of record subsequent to the date of said notice in the same manner as the lien of a docketed judgment in the State of Virginia. Sale or transfer of any Lot or Unit shall not affect any lien provided for hereunder.

(j) Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charge and lien created herein: (1) all properties dedicated and accepted by a public authority and devoted to public use; (2) all Common Areas; (3) all properties exempted from taxation by state or local governments upon the terms and to the extent of such legal exemption; (4) all property owned by the Developer as elsewhere provided for herein.

(k) Annual Budget. The Board of Directors shall adopt an annual budget which shall provide for allocation of expenses in such a manner that the obligations imposed by the Declaration and all Supplementary Declarations will be met.

## ARTICLE V

### ARCHITECTURAL CONTROL AND MAINTENANCE

Section 1. The Architectural Control Board. An Architectural Control Board (hereinafter called "ACB") consisting of three or more persons shall be appointed by the Developer at such times as the Developer conveys the title to the Common Area pursuant to Article III, Section 6 above or earlier at Developer's discretion.

After such time as the Developer conveys the title to the Common Area pursuant to Article III, Section 6 above or earlier at Developer's discretion, an ACB shall be appointed by the Board of Directors.

Section 2. Purpose. In accordance with the provisions of the WILLIAMSBURG BLUFFS SUBDIVISION PLAT and this Declaration as amended, the ACB shall regulate the external design, appearance, use, location and maintenance of the Property and of improvements thereon in such a manner so as to preserve and enhance values, to maintain a harmonious relationship among structures and the natural vegetation and topography, and to conserve existing natural amenities, ecologically sensitive areas and important historic elements.

Section 3. Conditions. No improvements, alterations, repairs, change of paint colors, excavations, changes in grade or other work which in any way alters the exterior of any property of the improvements located thereon from its natural or improved state existing on the date such property was first conveyed in fee by the Developer to an Owner shall be made or done without the prior approval of the Developer or its successors or assigns, except as otherwise expressly provided in this Declaration. No building, fence, wall, residence or other structure shall be commenced, erected, improved, altered, made or done without the prior written approval of the Developer or its successors or assigns.

Section 4. Procedures. In the event the ACB fails to approve, modify or disapprove in writing an application within

sixty (60) days after plans and specifications have been submitted in writing to it, in accordance with adopted procedures, approval will be deemed granted. The applicant may appeal an adverse ACB decision to the Board of Directors, who may reverse or modify such decision by a two-thirds (2/3) vote of the directors.

ARTICLE VI

CONTROL AND USE OF PROPERTY

Section 1. Transfer by Developer. Until such time, within the limits of Article III, Section 6 of this Declaration, as Developer conveys the Common Area to the Association, Developer shall function as the Association and the ACB. Developer shall collect and hold all amounts required by this Declaration and make the decisions that said Association and ACB would make under the terms of this Declaration as in Developer's sole discretion deems proper.

Section 2. Protective Covenants and Restrictions.

(a) General Restrictions. All Lots or Units within the Property shall be developed and maintained in accordance with the WILLIAMSBURG BLUFFS SUBDIVISION PLAT and Site Plan. All Lots or Units and Common Areas within the Property shall be subject to the standards established by the Developer, its successors or assigns, provided that such standards shall not be less restrictive than applicable law.

(b) Specific Restrictions.

(1) Residential Use. All property designated for residential use shall be used, improved and devoted exclusively to



residential use. Nothing herein shall be deemed to prevent the owner from leasing a Unit to a single family, subject to all of the provisions of this Declaration. As used herein the term "single family" is defined to include only persons related by blood or lawful marriage. No buildings shall be erected, altered, placed, or permitted to remain on any lot other than one (1) detached single family dwelling not to exceed two and one-half (2 1/2) stores in height.

(2) Minimum Building Sizes. No residence shall be erected on any of said lots with less than one thousand one hundred (1,100) square feet of enclosed living space of which a minimum of nine hundred and fifty (950) square feet shall be finished, in the case of a one (1) story dwelling or less than one thousand two hundred fifty (1,250) square feet of enclosed living space of which a minimum of one thousand (1,000) square feet shall be finished, in any dwelling of more than one (1) story. The term "living space" as used herein shall be determined by exterior perimeter measurements exclusive of garages, porches and breezeways.

(3) Set Backs. No building shall be located on any lot nearer than thirty (30) feet to the front line nor nearer than twenty (20) feet to the rear lot line for principal buildings, exclusive of appurtenances such as patios or decks, nor near than ten (10) feet to a side lot line. For the purpose of this covenant, eaves, steps and open porches shall not be considered as a part of the building, provided, however, that this shall not be construed to permit any portion of a building on one lot to

encroach upon another lot. The maximum side and rear yard setback for accessory structures such as garages or sheds shall be five (5) feet. The minimum setback for appurtenant structures such as porches, decks or patios shall be five (5) feet.

Dwelling units on corner lots shall be sited to face the most narrow of the two frontages. The maximum lot coverage for all structures (principal and accessory) on any lot shall be twenty-five percent (25%).

(4) Occupancy. No dwelling commenced to be erected on any Lot shall be occupied until in the sole discretion of the Developer, the same has been substantially completed, and such dwelling erected or commenced to be erected on any lot shall be completed within a reasonable period of time from the commencement thereof.

(5) Model House or Exhibits. No Owner except the Developer shall permit any structure on his Lot to be used as a model house or exhibit without the written consent of the ACB.

(6) Wells. No well shall be dug or maintained on any Lot without approval of the ACB.

(7) Sewage. All sewage from all buildings erected on any of the sites shown on said plat shall be disposed of in an established public sewerage line of the County of James City and/or the State of Virginia.

(8) Mailboxes and Newspaper Tubes. Only mailboxes and newspaper tubes meeting the design standards of the ACB shall be permitted, except for mail depositories which are the property of

the U.S. Post Office Department.

(9) Trash Receptacles. All trash receptacles shall be concealed in a manner approved by the ACB. No trash receptacles can be placed in the front of any residence except for collection purposes on days designated for collection by the Association.

(10) Trash. Until such time as the County of York accepts responsibility for the collection and disposal of trash, the Association shall be responsible for said collection and disposal.

No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall be kept in sanitary containers as approved.

(11) Antennae. Exterior television or other antennae, including, but not limited to, individual and group antennae, except as approved by the ACB, are prohibited.

(12) Signs. No signs of any type shall be displayed to the public view on any Lot, Unit or Common Area, except one (1) sign of not more than ten (10) square feet advertising the property for sale or rent, or signs used by the builder to advertise the property during the construction or sale, approved by the ACB.

(13) Pets. Subject to such limitations as may from time to time be set by the ACB, generally recognized house or yard pets, not to exceed two (2) per lot or unit, may be kept and maintained at a Unit provided such pets are not kept or maintained for commercial purposes. All pets must be kept under the control of their Owner when they are outside with the persons legally on th

property and must not become a nuisance to other residents, and if any such pets are declared a nuisance by the ACB they shall be removed from the property within thirty days after written request from the ACB.

(14) Fences. No fences shall be allowed in front of any residence. Any fences subsequently erected shall not exceed six (6) feet in height. Fencing shall be either split rail, board on board or stockade. Barbed wire or chain link fences are specifically prohibited.

(15) No Trailers. No trailer, mobile home, tent, garage, shack, barn or other out building placed thereon shall at any time be used as a residence, either temporarily or permanently, nor shall any residence of a temporary character be permitted thereon. For construction purposes, a tool or storage shed may be temporarily located on the site during the construction period and must be removed when construction is completed. Said construction period shall not exceed one year.

(16) Motor Vehicles. No motor homes, boats or trailers, campers or other wheeled non-self propelling vehicles of any type shall be allowed to stand for more than twenty-four (24) hours on any lot without a dwelling or forward of the rear wall of the dwelling constructed thereon. No self-propelled operative or inoperative vehicles shall be kept or stored for more than twenty-four (24) hours, except in a garage or carport.

(17) Nuisances. No nuisance or noxious or offensive activity shall be permitted to exist or operate upon any Lot, Unit

or Common Area so as to be detrimental to any other property in the vicinity thereof or to its occupants. Whether or not a situation constitutes a nuisance shall be in the sole discretion of the Developer or the ACB.

(18) Conduct. No immoral, improper, offensive or unlawful use shall be made of any Lot, Unit or any part of the Common Area.

(19) Rules and Regulations. Reasonable rules and regulations concerning the use of the Common Areas and conduct of the Owners and Occupants, their families, guests, tenants, agents and invitees to the property may be made, amended and revoked from time to time by the Board of Directors of the Association. Copies of rules and regulations and all amendments thereto shall be furnished by the Association to all Owners and Occupants upon request.

(20) Restriction on Further Subdivision. No Lot shall be further subdivided or separated into smaller lots by any Owner other than the Developer, and no portion less than all of any such Lot, shall be conveyed or transferred by an Owner other than the Developer provided, however, that this shall not prohibit deeds of correction, deeds to resolve boundary line disputes, and similar corrective instruments.

(21) Improvement Completion. No Owners or Occupants nor the Association shall interfere in any way with the completion of the contemplated improvements and the sale of the Lots or Units by Developer. Developer may make such use of the unsold Lots or Units

as may in its judgment facilitate such completion and sale to the extent otherwise set forth in this Declaration and as it deems necessary and appropriate in its sales efforts. Developer shall have the right to lease any unsold Units upon any terms it desires, notwithstanding any other provision herein.

(22) Streets Dedicated. All streets and roads shown on the aforesaid plat are hereby expressly dedicated to the public use.

(23) Transfer of Units. All Lots or Units will be sold subject to the rights of way, easements, restrictions, and reservations of record or apparent on the ground.

(24) Exception. The ACB may issue temporary permits to except any prohibitions expressed or implied by this section, provided the Board acts in accordance with adopted guidelines and procedures and can show good cause.

Section 3. Common Area.

(a) The Common Area applicable to the property shall be as designed by the Developer.

(b) All costs of maintaining and operating the Common Area, including without limitation the cost of replacements, improvements, insurance and real estate taxes shall be assessed as a common expense, to be borne equally by all Owners of Lots located within the property to which this Declaration is applicable. Assessments shall be established as heretofore provided.

(c) Nothing shall be done or kept on any Lot, Unit or Common Area which will increase the rate of insurance for any Lot, Unit or

Common Area, without the prior written consent of the Association. No Owner or Occupant shall permit anything to be done or kept in his Unit or Lot or in the Common Area which will result in the cancellation of insurance on any Lot or any part of the Common Area, or which would be in violation of any law. No waste will be committed in the Common Area.

(d) There shall be no obstruction of the Common Area. Nothing shall be stored in the Common Area without the prior written consent of the Association.

(e) Nothing shall be altered or constructed in or removed from the Common Area, except upon the written consent of the Association.

(f) The Association is authorized to adopt rules for the use of the Common Area and to furnish the same in writing to the Owners, and there shall be no violation of such rules as are adopted.

(g) The Board of Supervisors of the County of York must approve any amendments to these Covenants affecting the Common Area.

(h) County of York personnel, including but not limited to law enforcement officers, rescue squad personnel and fire fighting personnel while in pursuit of their duties, and in the case of private streets, enforcement of clear emergency vehicle access.

## ARTICLE VII

### EASEMENTS

Section 1. Utility and Drainage Easements. The Developer

reserves unto itself, its successors and assigns, a perpetual, alienable easement and right of way:

(i) to construct, maintain, inspect, replace and repair electric and telephone wires, cables, conduits, sewers, pipes, water mains, other suitable equipment and facilities for the conveyance of water, sewer, gas, telephone, electricity, television, cable communications or other utilities or public conveniences on, over and under the rear ten (10) feet of each Lot and five (5) feet along both sides of each Lot, and such other areas as may be designated for such purposes on appropriate recorded plats of subdivision, and;

(ii) for storm and surface water drainage, including the right to construct, maintain, inspect, replace and repair pipes, ditches, culverts and other suitable facilities for the disposition of storm and surface water drainage, on, over and under the rear ten (10) feet of each Lot and five (5) feet along both sides of each Lot, and such other areas as may be designed for such purposes on appropriate recorded plats of subdivision. The easements provided in this Section (i) and (ii) shall include the right of ingress and egress thereto, and the right to cut any trees, brush and shrubbery, make any grading of soil, and take other similar action reasonably necessary to provide economical and safe utility installation and drainage facilities. The rights herein reserved may be exercised by any licensee of the Developer, but shall not be deemed to impose any obligation upon the Developer to provide or maintain any utility or drainage services.



Section 2. Adjoining Areas. Each Owner or Occupant is hereby declared to have an easement and the same is hereby granted by the Developer over all adjoining Lots or Common Areas for the limited purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, or any other similar cause; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Occupant if said encroachment occurred due the willful misconduct of said Owner or Occupant. In the event a Unit on any Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that similar encroachments over adjoining Lots shall be permitted and easements are hereby created for the maintenance of said encroachments so long as they shall exist.

Section 3. Easements of the Association. There is hereby reserved to the Association such easements as are necessary to perform the duties and obligations of the Association as are herein set forth.

Section 4. Priority of Easements. Each of the easements hereinabove referred to shall be deemed to be established upon the recordation of this Declaration and shall henceforth be deemed to be covenants running with the land for the use and benefit of the Lots, Units and the Common Area, as the case may be, superior to all other encumbrances which may hereafter be applied against or in favor of the property or any portion hereof.

## ARTICLE VIII

## ADDITIONAL AREA

Section 1. The Property is the only property the Developer hereby brings under the terms of this Declaration. However, should the Developer desire the extension of the provisions of this Declaration to additional area in the future, the Developer, its successors and assigns, hereby reserves the right at such time or times as it shall in its sole discretion determine, and without the consent of any other Owner or Occupant to bring within the scheme of this Declaration any such additional area or portion(s) thereof. Developer is not hereby required to make any improvements within such additional area.

Section 2. The additions authorized under this Article shall be made by filing of record a supplemental declaration with respect to the additional area (or portion(s) thereof) to be annexed (the "Additional Area Supplemental Declaration") which shall state the intent of the Developer to extend the scheme of the covenants and restrictions of this Declaration and the supplemental declaration (including such rules, regulations and policies as may have been adopted upon the authorization thereof) to such additional area (or applicable portion thereof).

Section 3. The Additional Area Supplemental Declaration may contain such complementary additions and modifications as may be necessary to reflect the different character, if any, of the additional area.

Section 4. The Additional Area or applicable portion thereof shall become subject to assessment for its pro rata share (as set forth in this Declaration and any supplemental declaration) of the expenses of the Association. The covenants for assessments set forth in this Declaration shall be deemed to include the additional area, from and after the time such additional area is thus added.

Section 5. From and after the time the additional area (or portions thereof) is annexed, this Declaration shall be deemed to include both the Property and such additional area (or portions thereof) as has been annexed as aforesaid. All assessments established pursuant to this Declaration with respect to the Property hereto or with respect to the additional area or portions thereof that have been annexed as aforesaid shall be deemed to be binding upon and enure to the benefit of the entire property and all Lots and Units thereon.

#### ARTICLE IX

##### GENERAL PROVISIONS

Section 1. Duration. The covenants and restrictions of this Declaration shall run with and bind the land for a term of thirty-five (35) years from the date this Declaration is recorded and thereafter for successive periods of ten (10) years until they are changed by a majority of the owners by a duly executed and recorded instrument.

Section 2. Dissolution.

The Property Owner's Association shall not be dissolved, nor shall it dispose of any Common Area, by sale or otherwise, except

to an organization conceived and organized to own and to maintain the Common Area, without first offering to convey the same to the County or other appropriate governmental agency in exchange for compensation in an amount not exceeding the appraisal of a mutually acceptable appraiser.

In the event the organization established to own and maintain the Common Areas or improvements or any successor organization, shall at any time after establishment of the development, fail to maintain the Common Area/improvements in reasonable order and condition in accordance with the approved plans, the County may serve notice in writing upon such organization or upon the property owners within the development setting forth the manner in which the organization has failed to maintain the Common Area/improvements in reasonable conditions, and such notice shall contain a demand that such deficiencies of maintenance be cured within thirty (30) days thereof, and shall state the date and place of a public hearing thereon which shall be held within fourteen (14) days of the notice.

(1) At such hearing the County may modify the terms of the original notice as to the deficiencies and may grant an extension of time within which they shall be cured.

(2) If the deficiencies set forth in the original notice or in the modifications thereof shall not be remedied within said thirty (30) days or any approved extension thereof, the County, in order to preserve the taxable values of the properties within the development and to prevent the Common Area /improvements from being

a public nuisance, may, subject to budgetary limitations, enter upon said Common Area and maintain, or contract for the maintenance of, the same for an initial period not to exceed one year.

(3) Said entry and maintenance shall not vest in the general public any rights to use the Common Area/improvements except when the same is voluntarily dedicated to the public by the owners.

(4) Before the expiration of said one year period, the County shall, upon its initiative or upon the request of the organization heretofore responsible for the maintenance of the Common Area/improvements, call a public hearing upon two (2) weeks' notice in writing to such organization or to the property owners within such development, to be held by the board, at which hearing the abilities of such organization to resume maintenance responsibilities shall be assessed.

(5) If the board shall determine that such organization is ready and able to maintain the Common Area/ improvements in reasonable condition, the County shall cease to maintain the Common Area/improvements.

(6) If the board shall determine that such organization is not ready and able to maintain the Common Area/ improvements in a reasonable condition, the County may, in its discretion, continue to maintain, or contract for the maintenance of, the Common Area/improvements.

(7) The cost of such maintenance and all associated administrative costs by the County shall be assessed ratably

against the properties within the development that have a right of enjoyment of the Common Area/improvements, and shall become a charge on said properties, and may be collected by the County as taxes and levies are collected.

Section 3. Amendments. This Declaration may be amended at any time by Developer and at any time after Developer conveys by an instrument of record control to the Association after the written consent thereto by not less than seventy-five percent (75%) of the Owners shall have been obtained.

Notwithstanding the above, any amendments to the Covenants as they relate to the Common Area, must be approved by the County of York Board of Supervisors.

Section 4. Enforcement. The Association, any Owner or the Developer, at any time, regardless of prior enforcement or failure thereof, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration and of Supplementary Declarations.

Section 5. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 6. Limitations. As long as the Developer is likewise an Owner, the Association may not use its resources nor take a public position in opposition to the WILLIAMSBURG BLUFFS

SUBDIVISION PLAT or to changes thereto proposed by the Developer without the written consent of Developer.

Section 7. Release of Negative Reciprocal Easements. Each Owner, by his acceptance of this Declaration or the deed to his Lot or Unit waives any right and interest he may have (i) in and to real estate not covered by this Declaration and (ii) to the enforcement of all or any portion of this Declaration, any Supplemental Declaration, and the Resolutions against any such real estate.

Section 8. Covenants Running with the Land. All provisions of this Declaration shall be construed to be covenants running with the Land, and with every part thereof and interest therein including, but not limited to, every Lot or Unit and the appurtenances thereto; and every Lot or Unit Owner and his heirs, personal representatives, successors and assigns, shall be bound by all of the provisions of this Declaration.

Section 9. Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 10. Headings. All headings in this document are inserted solely for convenience of reference, and none of them constitutes a part of this document or affects its meaning, construction or effect.

Section 11. Effective Date. This Declaration shall take effect upon recordation.

Section 12. Leases Must Contain Covenant to Abide. If a Unit Owner should lease a Unit or Units, the lease must contain a covenant on the part of the lessees to abide by all provisions of this Declaration and its exhibits and any rules and regulations and any amendments thereto which may subsequently be promulgated by the Association.

IN WITNESS WHEREOF, W.A.R.S., Inc. has caused its name to be signed and its corporate seal to be affixed and attested by its duly authorized officers, all as of the day and year first above written.

W.A.R.S., INC.,  
a Virginia corporation

By: Robert L. Stein, President  
Robert L. Stein, President

ATTEST:

Alan D. Stein  
Alan D. Stein, Secretary

STATE OF VIRGINIA  
CITY OF VIRGINIA BEACH, to-wit:

Subscribed and sworn to before me, a Notary Public in and for the City and State aforesaid, by Robert L. Stein, President of W.A.R.S., Inc., a Virginia corporation, on its behalf, this 16th day of September, 1992.

Nancy B. Kane  
Notary Public

My commission expires: 6/30/93

Virginia: County of York to-wit:  
In the Clerk's Office of the Circuit Court for the County of York, the 31st day of January 1992  
This deed was presented with the certificate annexed and admitted to record at 11:23 o'clock AM

Teste: Nancy B. Kane, Clerk  
By: Richard R. Davila Deputy Clerk

ER AND BENNIS, P.C.  
ATTORNEYS AT LAW  
LYNNHAVEN PARKWAY  
A BEACH, VIRGINIA 23452  
TELEPHONE (804) 498-3434



*Articles of Incorporation*

ARTICLES OF INCORPORATION

OF

WILLIAMSBURG BLUFFS COMMUNITY ASSOCIATION

We hereby associate to form a non-stock corporation under the provisions of Chapter 2 of Title 13.1 of the Code of Virginia and to that end set forth the following:

(a) The name of the corporation is Williamsburg Bluffs Community Association.

(b) The purposes for which the corporation is organized are to manage and own Community Association properties and facilities.

© Every owner of a lot which is subject to assessment shall be a member of the Association. Members shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

The Association shall have two (2) classes of voting members:

**Class A:** Class A members shall be all owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each lot owned. When more than one (1) person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any lot.

**Class B:** Class B members shall be the Declarant and shall be entitled to two (2) votes for each lot owned. Class B memberships shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier: (a) when the total votes outstanding of Class A membership equals the total votes outstanding of Class B memberships; or (b) on December 31, 1996.

(d) The directors of the corporation are to be selected by a majority of members voting.

(e) The post office address of the initial registered office is 303 Lynnhaven Parkway, Suite 100, Virginia Beach, Virginia 23452. The name of the city or the name of the county in which the initial registered office is located is Virginia Beach, Virginia, the name of its registered agent is David A. Miller, Jr. who is a

resident of Virginia and who is a member of the Virginia State Bar, and whose business address is the same as the registered office of the corporation.

(f) The number of directors constituting the initial board of directors is two (2) and the names and addresses of the persons who are to serve as the initial directors are:

|                 |                          |
|-----------------|--------------------------|
| Robert L. Stein | 226 66th Street          |
|                 | Virginia Beach, VA 23451 |
| Alan D. Stein   | 110A 87th Street         |
|                 | Virginia Beach, VA 23451 |

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Virginia, the undersigned, constituting the incorporator of the corporation, including the persons named here in above as the first directors of this corporation, have executed these Articles of Incorporation this \_\_\_\_ day of \_\_\_\_\_, 1991.

Dated: \_\_\_\_\_, 1991 Robert L. Stein

Dated: \_\_\_\_\_, 1991 Alan D. Stein

Dated: \_\_\_\_\_, 1991 David A. Miller, Jr., Incorporator



*Bylaws*



**AMENDED BYLAWS  
OF  
WILLIAMSBURG BLUFFS COMMUNITY ASSOCIATION**

**Section I – Offices**

The principal office shall be in the County of York, State of Virginia.

**Section II – Annual Meetings**

The annual meeting of the corporation shall be held at a place designated by the Directors, within the Williamsburg, Virginia area. The annual meeting shall be held the first Saturday in November of each year.

**Section III – Special Meetings of the Membership**

Special meetings of the membership, for any purpose(s), may be called by the President. Additionally, special meetings of the membership must be called, by the President, on receipt of a written request from 25 percent of the membership. All requests must be from members in good standing (reference Section VI).

**Section IV – Notice of Annual or Special Meeting**

Notice of the annual meeting of the membership or of a special meeting of the membership, stating the time, place and purpose(s) thereof shall be given to each member not less than 14 days prior to the meeting. Such notice may be waived in writing by the person entitled to such notice at any time. If notice is mailed, such notice shall be deemed to be given when deposited in the mail and addressed to the member at the address listed on the corporate records.

### **Section VIII – Regular Meeting of the Board**

Regular meetings of the Board shall be held in accordance with section 55-110.1 of the Virginia Property Owners Association Act in the Code of Virginia.

This section can be accessed on the Internet at:

<http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+55-510>

(See Appendix X) Additionally, the Board shall be required to hold an open meeting once per calendar month.

### **Section IX – Special Meetings of the Directors**

Special meetings of the Directors may be called by the President. Special meetings of the Directors must be called, by the President, at the written request of two members of the Board of Directors.

### **Section X – Notice of Special Meeting of Directors**

Notice of special meetings of the Directors shall be given to each Director at least five days prior to scheduled meeting(s). Such notice may be waived, but must be waived in writing by all members of the Board.

### **Section XI- Quorum for Directors**

A majority of the Board of Directors shall constitute a quorum at all meetings of the board.

### **Section XII-Officers**

The officers of the association shall be President, Vice President, Secretary and a Treasurer, and other designations as deemed necessary by incumbents not exceeding five officers as prescribed in Section VII who shall be elected annually by the members of the association. All vacancies occurring among any of the above officers shall be filled by the remaining directors appointment of a replacement from thereon. Any officer may be removed at any time by the affirmative vote of 75 percent of the membership at a special meeting of the membership called for the purpose.



books and papers as the Board may direct, and he or she shall perform all other duties incident to the Office of Secretary. (A copy of all minutes shall be forwarded to each member separately or included as an attachment to a newsletter within 60 days of such meeting(s).)

### **Section XVIII- Seal**

The Directors shall provide a suitable association seal which shall be in the charge of the Secretary and shall be used as authorized by the Directors.

### **Section XIX- Depositories**

The funds of the association shall be deposited in \_\_\_\_\_, and checks drawn against such funds shall be signed by the Secretary after authorization to expense funds from the President.

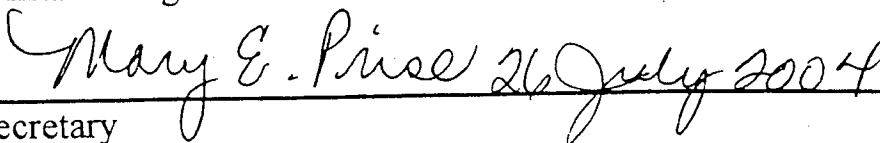
### **Section XX – Notice and Waiver of Notice**

Any notice required to be given by these Bylaws may be given by mailing or telegraphing the same to the person entitled thereto at his or her address as shown on the association's books and such notice shall be deemed to have been given at the time of such mailing or telegraphing.

### **Section XXI – Power of and Directors to Amend, Etc.**

Amendments to the Articles be proposed by a resolution of the Board of Directors recommending the amendment to the members unless the Board of Directors determines that because of conflict of interest or other special circumstances, it shall make no recommendation and communicate the basis for its determination to the members. The resolution shall be submitted to the membership at a regular or special meeting. The amendment shall be adopted upon receiving more than two-thirds (2/3) of all votes entitled to be cast.

Adopted at the organization meeting of the Board of Directors of The Williamsburg Bluffs Homeowners' Association, held on 26 July, 2004.

  
Secretary





*Rules & Regulations*

WILLIAMSBURG BLUFFS CUSTOMS RULES AND REGULATIONS  
REVISED March 20, 2012

The Board of Directors of the Williamsburg Bluffs Community Association has adopted these Rules and Regulations pursuant to the authority set forth in Article III, Section 3(a) and Article VI, Section 19 of the Declaration of Covenants and Restrictions and which empowers the Board of Directors to adopt and publish rules and regulations governing the use of the Common Area and facilities and the conduct of Owners and Occupants and their families, guests, tenants, agents and invitees; and Va. Code Ann. § 55-513 which empowers the Board of Directors to adopt and publish rules and regulations governing the use of the Common Area and such other areas of responsibility assigned to the Association by the Declaration.

### **SECTION 1 APPLICABILITY**

All owners, residents, and guests shall comply with the Rules and Regulations as set forth herein and as the same may be amended from time to time. Owners are responsible for the actions of their residents, tenants, and/or guests and have the duty to inform such persons of the Rules and Regulations. Failure to comply with the Rules and Regulations may result in the imposition of fines to owners and/or the suspension of certain rights of the owners pursuant to Section 7 below.

### **SECTION 2 ASSOCIATION GOALS AND VALUES**

2.1 To keep and adorn the property so that it is attractive to owners, prospective buyers and visitors.

2.2 To respect and enjoy the individualities of occupants while respecting the proximity to one another.

2.3 To act with a positive perspective in relationships with one another.

### **SECTION 3 USE OF PROPERTY**

3.1 *Quiet Enjoyment.* Owners, residents, and guests have the right to reasonable quiet enjoyment of their property and the Common Area without the interference of others by annoying or nuisance behavior.

3.2 *No Commercial Use.* No property shall be used for industry, business, trade or commercial activities such as manufacturing, mercantile, vending, or other nonresidential purpose. However, an Owner or Occupant may engage in home professional pursuits if the venture does not involve employees, public visits.

3.3 *Appointment of Architectural Control Board.* Article V of the Declaration permits the Board of Directors to appoint an Architectural Control Board (the "ACB") to regulate the external design, appearance, use, location and maintenance of the Property of the improvements. These guidelines are designed to guide the ACB in its approval of exterior alterations so as to preserve and enhance values; maintain a harmonious relationship among structures and the natural vegetation and topography, and to conserve existing natural amenities, ecologically sensitive areas and important historic elements.

3.4 *Procedures.* Exterior additions, improvements, repairs, changes of paint colors, excavations, changes in grade or other work which in any way alters the exterior of any property or the improvements located thereon, fences, buildings, walls, residence or other structures require approval of the Association through the ACB prior to it being commenced, erected, improved, altered, made or done. An Owner shall submit a written request on ACB Project Review Request Form provided by the ACB or Management Company and obtain approval before commencing any such alteration. The property of neighbors should not be infringed upon by additional

construction and/or landscaping. The Association shall provide a written decision to an Owner within sixty (60) days of the submission of a request that includes all necessary and required information. An Owner shall comply with all federal, state, and local regulations concerning permits and inspections. An Owner must be in good standing with the Association for a request to be considered. An Owner may appeal a denial of a request for alterations to the Board of Directors. The Owner is responsible for contacting the President of the Board of Directors or current Property Manager to ask that the issue be placed on the agenda of the next scheduled Board meeting.

**3.5 *Specific Prohibitions to Exterior Use and Appearance.*** The following are considered to have negative impact on the Association goals and values and are prohibited:

3.5.1 Clotheslines of any style or type.

3.5.2 Stacking, propping or placing any item on a retaining wall, sidewalk, street, path, curb area or Common Area.

3.5.3 Obstructing, blocking, or altering any part of the drainage system.

3.5.4 Placement of household appliances outside a building structure or garage, with the exception of awaiting disposal or pickup if an Owner takes precautions to avoid accidental entrapment.

3.5.5 Dumping, storing, or piling trash or rubbish on an Owner's property or Common Area. Trash shall be placed in a lidded or locked container, or an appropriate recycling container.

3.5.6 Storage of yard maintenance tools or implements, and the like where visible, except that an Owner may coil and neatly hang hoses. Garbage and recycling containers may not be visible from the front of the home. Contact ACB about acceptable screening for trash & recycling containers.

3.5.7 A Placement of any plant or other item on the Common Area without Board of Director approval. A request for placement of items on the Common Area shall be submitted to the Board through an application to the ACB. In recommending approval, the Board shall consider: 1) the ability of Owners to peacefully enjoy the property and the Common Area; 2) hazards to utilities, drainage, or other landscaping; 3) the Owner's financial ability to maintain the item or planting at the Owner's expense; 4) the compatibility of the proposed placement to existing plants or other items; and 5) any other factor or circumstance the Association deems relevant.

**3.6 *Flags and Flagpoles.*** The Board of Directors encourages displays of patriotism by Residents through flag display. At the same time, the Board must establish rules and regulations identifying the flags that may be flown, the manner in which they may be flown, and the number that may be flown at any one residence in order to maintain the high standards that characterize Williamsburg Bluffs generally.

3.6.1 Residents may fly the flag of The United States of America; the Commonwealth of Virginia; any active branch of the armed forces of the United States; or a military valor or service award of the United States. The Board, acting in its sole and absolute discretion may prohibit the display of any other type of flag that it deems inappropriate or offensive.

3.6.2 No flag may be placed within any residence at Williamsburg Bluffs so as to cover a door or window in whole or in part

3.6.3 Flags may only be flown on a house mounted pole not more than six (6) feet in length.

3.6.4 Free standing or in-ground flagpoles of any type are prohibited.

3.6.5 No more than one house mounted pole may be installed on any lot.

3.6.6 Residents must exercise due care to assure that any flag that is flown is in good condition. The Board may require the removal of any flag being flown that it finds to be torn, frayed or tattered, stained or otherwise if a resident fails to replace such flag with a suitable replacement within ten (10) days after receiving a request to do so from the Board.

3.6.7 If the flag of the United States of America is flown, it must be flown in compliance with the provisions of the American Flag Code. The Board may require the removal of any flag not being

flown in compliance with such Code if the resident fails to remedy any violation of such Code within ten (10) days after receiving a request to do so from the Board.

**3.7 Signs.** No signs of any type shall be displayed on any of the Common Area or individual Lots or homes, except that one sign of not more than ten (10) square feet advertising a home for sale or rent are permitted on individual Lots without approval of the Architectural Control Board. The sign shall be a professionally crafted "For Sale" or "For Rent" sign and mounted on a post or bracket no more than 4 ft. off the ground.

**3.8 Outdoor Decorations.** Owners must keep all decorations in good repair and appearance. They shall not encroach on neighboring property or the Common Area. Owners may display one flag, banner, windsock, emblem or the like per side of a building with not more than a total of two items displayed. No item may measure more than 5 sq. ft. All items combined shall not measure more than 10 sq. ft. Outdoor Christmas decorations put up for Christmas season shall be down the following month by 31 January.

#### **SECTION 4 PETS**

**4.1** Pets may not be kept, bred, or maintained for any commercial purposes. An Owner or Occupant shall not have more than two (2) pets.

**4.2** All animals must meet the requirements of local ordinances regarding inoculations, licensing and leashing. No animals are allowed to run at large. All dogs must be leashed and under positive control.

**4.3** The Association may permanently ban any pet causing or creating an unreasonable disturbance, noise, or nuisance from the Properties upon proper notice and a hearing as required for rule violations.

**4.4** Actions that constitute a nuisance include, but are not limited to:

**4.4.1** Excessive, continuous, or untimely crying or barking;

**4.4.2** Molesting a passerby;

**4.4.3** Biting or attacking any person without provocation;

**4.4.4** Habitually attacking other domestic animals; and

**4.4.5** Trespassing upon private property.

**4.5** An Owner or Occupant with a nuisance complaint should take appropriate action which may include the following: (1) notify the pet owner of the actions creating the nuisance; (2) file a complaint with York County Animal Control; (3) file a criminal complaint in the General District Court; (4) notify the Association.

**4.6** Owners and Occupants are fully responsible for any personal injuries and/or property damage caused by their pets. An Owner and Occupant will compensate any person hurt or bitten by their pet, whether while in their care or the care of a designee, and will indemnify and hold the Association harmless from any claim resulting from any action of their pet.

**4.7** Owners and Occupants or their designees who have responsibility for pets must promptly clean up their pet's droppings. It is the Law in Hampton Roads.

#### **SECTION 5 VEHICLES AND PARKING**

**5.1** Motorized vehicles may be operated only on streets, driveways and in designated parking spaces. Operators of vehicles must obey all regulations posted on the property, including but not

limited to, speed limits (currently 25 m.p.h.), disabled parking designations and parking assignments.

5.2 All vehicles parked on the property must be in good repair with current state and local licenses and inspection.

5.3 No disposal of vehicle fluids is allowed on the property or in drainage areas. No major vehicle repairs that take more than a day can be done in the driveways or street ways.

5.4 ATV's, snowmobiles, and vehicles with un-muffled motors or other loud accessories may not be operated on the property. No motor homes, boats or trailers, campers or other wheeled non-self propelling vehicles of any type shall be allowed to stand for more than twenty-four (24) hours on any Lot without a dwelling or forward of the rear wall of the dwelling constructed thereon. No self-propelled operative or inoperative vehicles shall be kept or stored for more than twenty-four (24) hours, except in a garage.

5.5 Tricycles, wagons, and the like may be used on sidewalks and pathways, but must be removed from Common Area when not in use.

5.6 Bicycles may be operated on streets and in parking areas only. When not in use they must be removed from Common Area, including sidewalks and pathways.

5.7 Portable Basketball stands/hoops may only be used on an owner's property. They may not be placed on the sidewalks and streets.

5.8 No commercial vehicle may be operated, parked or stored on the property. Commercial vehicles are vehicles that are not designated and used for customary personal/family purposes. The absence of commercial lettering or graphics shall not be determinative of whether it is a commercial vehicle. Any vehicle with a gross vehicle weight of ten thousand (10,000) pounds or more, or a length of 21 feet or more, including trailers or other attachments are commercial vehicles as per the York County Code.

## **SECTION 6 POOL USE**

6.1.1 Lifeguards are NOT employed, so it's every resident's responsibility to maintain a safe pleasant environment at the pool for Association members and invited guests.

6.1.2 Adults are asked to actively promote preventive safety measures through enforcement of the rules, while being prepared to take proper actions in the event of an accident. Members are required to enforce pool rules (which are posted at the pool), policies and operating procedures.

6.1.3. Any Recreation Area or Swimming Pool Committee member or Board of Directors member may restrict anyone from the use of the pool area for the balance of a day if in their opinion the individual's presence is detrimental to the health and safety of the other patrons.

6.1.4 Complaints or suggestions should be directed in writing to a member of the Swimming Pool Committee. Should an Association member witness an unsafe act or condition, they should immediately notify the person committing the unsafe act to stop or take action to rectify the unsafe condition, and notify a Swimming Pool Committee member, safety is everyone's job. Parents have the responsibility of teaching their children proper rules of safe swimming and orderly conduct while at the pool. We must insist on strict obedience to pool rules and instructions. Any person not adhering to rules, policy and procedure or instructions will be asked to leave the pool area. If violations persist, person(s) can be banned from the pool area.

6.1.5 Only members in good standing, and their authorized guests, will be permitted in the pool area. *(Good standing is defined as a homeowner whose dues are current and who has No outstanding or unresolved covenant violations verifiable through Association Management Company.)*

6.1.6 Homeowners are allowed a maximum of five (5) guests, unless a Pool Committee member approves special circumstances. Children (13 and over) of homeowners are allowed two (2) guests in one day at the pool.

6.1.7 A sponsoring member must accompany all guests. Out of town guests actually residing in a Homeowner's home will be allowed to use the pool free of charge.

6.1.8 A person 16 years or older must accompany children 12 and under, regardless of swimming ability. Children 13 years and above are allowed at the pool without supervision at their own risk. There will be no exception to this rule. Parents are responsible for ensuring the safety of their children.

6.1.9 Families renting homes in Williamsburg Bluffs will be afforded the status of homeowner for the purpose of using the swimming pool.

6.1.10 No Alcohol allowed at Pavilion, Pool enclosure, and Recreation Area in accordance with Virginia State Law article 4.1.308. Anyone showing signs of intoxication may not use the pool.

6.1.11 Animals will not be permitted within the pool enclosure.

6.1.12 No glass containers are permitted. Plastic containers or cans are permitted.

6.1.13 Skate Boards or other recreational equipment not related to swimming are not permitted.

6.1.14 No chewing gum is allowed inside the pool enclosure.

6.1.15 Profanity and other verbal abuse will not be tolerated.

6.1.16 Flotation devices, such as floats and tubes, must be removed from the pool when not in use.

6.1.17 Running, wrestling, dunking and other types of horseplay are not allowed.

6.1.18 Jumping, hanging, or pulling on dividing ropes is not allowed.

6.1.19 Any conduct, other than that mentioned above, that may be detrimental to an enjoyable, safe, and sanitary pool operation is not allowed.

6.1.20 Smoking inside pool enclosure is not allowed.

6.1.21 Showers are required before entering the pool.

6.1.22 No inappropriate swimming attire will be allowed, i.e., thongs or cut-off jeans.

6.1.23 Flotation devices are not a safe substitute for close parental supervision. Therefore, only arm floats are permitted in the kiddy pool, with the close supervision of the parent.

6.1.24 Persons with skin diseases, open lesions, bad colds, inflamed eyes, nasal or ear discharges, or communicable diseases will not be allowed to use the pool. Person wearing tape or bandages will not be allowed to use the pool. If someone gets sick in the pool, all persons in the pool should get out and an adult should notify someone on the pool committee to put chemicals in the pool.

6.1.25 All members are expected to keep the pool area clean of trash and debris. Waste containers will be available for this purpose. All members are also asked to help keep the restrooms clean.

## **SECTION 7 RECREATION AREA RULES:**

7.1 Abusive or profane language will not be tolerated on the recreation area. Anyone using such language may be ejected for a period of 10 days for the first offense. A warning letter will be sent to the resident for the first offense. Second offenses involving the same person can result in immediate ejection for a period of 30 days. Third and subsequent offenses involving the same person can result in immediate ejection for a period of 90 days.

7.2 Persons using the Recreation Area must self-identify themselves to any resident to validate their authorization to use the area upon request. No identification card, etc. is required to use the recreation area; however, persons using the recreation area must be able to inform a requestor of their address in the neighborhood. Only members in good standing and their authorized guests will be permitted in the Recreation Area. *(Good standing is defined as a homeowner whose dues are current and who has No outstanding or unresolved covenant violations verifiable through Association Management Company.)*

7.3 The recreation area operating hours are 1 hour before sunrise to 1 hour after sunset. Closed from



dusk to dawn.

7.4 An Association member must accompany their guests visiting. The Swimming Pool Committees or BOD reserve the right to limit the number of guests an Association member may bring at one time.

7.4.1 Association members are responsible for the conduct of their guests and informing them of the rules. It is the BOD intent to the limit the number of the guests that a single resident may have unless a special event is scheduled and approved by the Swimming Pool Committee.

7.4.2 A maximum of 5 guests is allowed for a single Association member. Persons living in adjoining or local neighborhoods are not allowed to meet acquaintances or friends at the recreation area without first being an invited guest at an Association member's Home.

7.5 Fireworks will not be allowed on the grounds except as a BOD planned event.

7.6 Pets will be allowed in designated areas of the Recreation Area if on a leash. Two areas have been designated as primary pet areas, and we ask all pet owners to use these areas, and limit pet access to these areas only. One area is behind the tennis court, and the other is in the wooded area beside the multi-purpose field. Pets are not allowed inside the pool area under any circumstances. Pets may be walked on a leash from one designated pet area to the other by staying closest to the perimeter fence.

7.6.1 Owners are responsible for their pet's actions, damage, etc. (See Section 4)

7.7 Smoking will not be permitted on the tennis courts or the play ground area.

7.8 Smokeless tobacco, i.e., chewing tobacco, snuff, etc. is not allowed anywhere on the Recreation Area.

7.9 Children under 8 years of age must be accompanied by an adult when on the Recreation Area.

7.10 Association members are responsible for their children while on Recreation Area.

7.11 Weapons of any kind are strictly prohibited.

7.12 No Alcohol allowed on Soccer field, Tennis Courts in accordance with Virginia State Law article 4.1.308.

### **SECTION 8 Tennis Court Rules:**

8.1 Tennis courts are for tennis play only. Only members in good standing and their authorized guests will be permitted on the Tennis Court. (*Good standing is defined as a homeowner whose dues are current and who has No outstanding or unresolved covenant violations verifiable through Association Management Company.*)

8.2 Clean tennis shoes must be worn on the court. No Street shoes, cleats, heels, etc. are allowed on the court.

8.3 Playtime is unrestricted unless others are waiting (adults or children). When others are waiting to play, single matches are restricted to 45 minutes/and double matches are restricted to 60 minutes. Double matches should be arranged in lieu of single matches when others are waiting to play. (An exception to this rule is during tennis lessons or scheduled team matches authorized by the Pool committee. Proper notices will be posted on the tennis court doors in these cases.)

8.4 The Pool Committee has the right to post and reserve the court for tennis lessons, team matches, and tournaments.

8.5 All persons not playing tennis will remain outside the fenced area for safety reasons.

### **SECTION 9 Play Ground Rules:**

9.1 Parents must accompany children under 8 years old using the playground.

9.2 Parents are advised to warn children to play carefully, not to litter, and to be considerate of adjoining property owners...keeping noise to a reasonable level.

9.3 No horseplay especially by older children in this area.

### **Other COMMON AREA Guidelines**

#### **Multi-Purpose Field**

The multi-purpose field is available for all Association members to use. It can be reserved through the Pool committee. An Association member must sponsor any use by outside organizations or groups over the age of 18. The Association member must be present while the sponsored group is using the field. Reservations will be on a first come, first available basis. During unreserved time, groups may use the field for one hour if there is another group waiting to use the area.

**Covered Shelter Use:** The covered shelter (Pavilion) is available for family picnics and neighborhood gatherings. The Pavilion area can be reserved on a first come, first available basis through the Pool Committee. A sponsoring Association member over the age of 18 must be present during reserved use of the Pavilion. Users of the covered shelter are responsible for taking all trash with them upon their departure.

**RESPONSIBILITY:** Members and guests are responsible for their children. All persons using the Recreation Area do so at their own risk. The Association is not responsible for any accident or injury in connection with such use. All accidents must be reported to the Pool Committee. The Association will not be responsible for any loss of money or other property by residents or their guests. The cost of any damage to the Recreation Area property will be charged to the responsible resident, including, but not limited to damage to or removing shrubs, trees, flowers, etc. Each resident is responsible for keeping the grounds clean. Residents are responsible for their, their children's, and their guest's actions. Members having physical handicaps should make their special needs known to the Pool Committee for your safety.

### **SECTION 10 COMPLIANCE AND LEGAL ACTION**

10.1 *Applicability.* All Residents, whether Owners or lessees, (and their guests), are subject to the Association documents including these Rules and Regulations. An Owner may be held responsible for the actions of their Resident, lessee, and/or guest.

10.2 *Violation.* When an Owner, Resident, or lessee violates any provision of the Governing Documents including the Rules and Regulations, the Association shall notify the Owner in writing. Should the violation continue for more than 10 days after the date of notice, the Association shall have the right to treat the violation as an intentional, material breach. No Association action shall be deemed an election of remedies. In the event the Association incurs costs or attorney fees in enforcing the Governing Documents, including the Rules and Regulations, the offending Home Owner shall be charged and such costs and/or fees shall be a lien against the Property.

**10.3 Penalties.** The Board of Directors has the power to (1) suspend a member's right to use facilities or services, including utility services, provided directly through the Association, for nonpayment of assessments which are more than sixty (60) days past due, to the extent that access to the Lot through the Common Area is not precluded and provided that such suspension shall not endanger the health, safety, or property of any owner, tenant, or occupants, and (2) assess charges against any member for any violation of the Governing Documents including the Rules and Regulations for which the member or his family members, tenants, guests, or other invitees are responsible.

Before any such charges or suspension may be imposed, the member shall be given an opportunity to be heard and to be represented by legal counsel before the Board of Directors. Notice of a hearing, including the charges or other sanctions that may be imposed, shall be hand delivered or mailed by registered or certified mail, return receipt requested, to the member at the address of record at least fourteen (14) days prior to the hearing. The amount of any charges so assessed shall not be limited to the expense or damage to the Association caused by the violation, but shall not exceed fifty (\$50.00) dollars for a single offense or ten (\$10.00) dollars per day for any offense of a continuing nature and shall be treated as an assessment against the member's lot for the purposes of establishing, perfecting, and enforcing a lien. The hearing result shall be hand delivered or mailed by registered or certified mail, return receipt requested, to the member at the address of record with the Association within 7 days of the hearing.

**10.4 Mediation.** An Owner or Resident may request mediation to resolve a neighbor-to-neighbor or Association-to-neighbor disagreement concerning property use, Common area, or maintenance issues. Mediation emphasizes solutions rather than conflicts. A request for mediation shall be sent in writing to the Association President. The President shall establish a mediation team consisting of the parties involved in the disagreement, the Association President, and two Directors. A party or the Board of Directors may, at their expense, retain a professional mediator. The mediator shall submit a written report to the Board of Directors.

**10.5 Assessments.** The Board of Directors determines assessments annually. It is the Owner's responsibility to provide the Association with a current mailing address. Additional collection policies and procedures may be adopted by resolution.

## **GENERAL INFORMATION**

**Board of Directors:** The Board of Directors (BOD) is elected by members to run the Association. The BOD has a fiduciary responsibility to the members of the Association to govern within the guidelines of the By-Laws, articles of Corporation and the Declaration of Covenants and Restrictions. In addition to the duties as outlined in the governing documents the President will assign members of the board to oversee areas of the Association.

**Official Address:** All official correspondence will be addressed to the association at:

**Williamsburg Bluffs Community Association**  
**c/o UNITED PROPERTY ASSOCIATES**  
**103 BULIFANTS BLVD. SUITE A, WILLIAMSBURG, VA 23188**

**Our Property Manager is Randy Kline, (757) 345-5383 EXT 486**

## **Duties of the BOD**

**President:** The president is the official spokesperson for the Association. The President will preside over all regular and special meetings of the Association and the BOD. The president is the primary contact for any business for the Association. However, he may delegate actions as necessary

**First Vice-President:** The First Vice-President (FVP) assists the president in the leadership of the Association. The FVP leads the Association in the absence of the President

**Second Vice-President:** The Second Vice-President (SVP) is assigned duties by the President.

**Secretary:** The secretary is the official repository of all documents other than financial for the Association. The secretary takes the minutes of all meetings of the BOD Association. The secretary ensures that the master copy of the By-Laws, Articles of Incorporation, Declaration of Covenants and Restrictions and Customs, Rules and Regulations are maintained and up to date. The Secretary publishes the official newsletter of the Association. The newsletter is published and distributed to the community on an as needed basis. Items to be published are collected by the Secretary. Any homeowner, in good standing, can submit an article to the newsletter that must contain the owner's name. The Board of Directors has the final approval of the appropriateness of all items published in the newsletter.

**Treasurer:** The treasurer will be responsible for the finances of the Association. These duties include but may not be limited to the following:

- Providing financial information to the BOD and the Association at regular, special and annual meetings.
- Working closely with the Finance Committee to prepare the budget to be voted on at the annual meeting. Providing the Finance Committee monthly financial information and a comparison of year-to-date expenses against budgeted expenses. Consulting with the Finance Committee on contributions to the Reserve Fund.
- Acting as Petty Cash Cashier.
- Ensuring that the federal and state income tax filings are prepared and submitted annually.

### **Financial Operations**

**Assessments:** The Disclosure Package Assessment is a fee charged to the seller at closing which includes the cost of materials in the Disclosure Package. The Disclosure Package Assessment is assessed in the month of the closing of the home. The seller is required to present the Disclosure Package to the buyer before the closing. Thereafter, a monthly assessment is charged to the owner of each home in Williamsburg Bluffs. The current monthly assessment is \$38.00. The BOD may adjust the monthly assessment annually, as needed, to meet the financial obligations of the Association.

**Disclosure Statement and Package:** Per Title 55-512, Code of Virginia, a disclosure package is made available to an owner or his authorized agent. The Disclosure package will include:

- A copy of the current declaration, the Association's articles of incorporation and bylaws and any rules and regulations or architectural guidelines promulgated by the Association.
- Statements required by Title 55-512, Code of Virginia.
- A copy of the Association's current budget or a summary thereof, and a copy of its statement of income and expenses or statement of its financial condition for the last fiscal year for which such statement is available.

**Budget Preparation and Approval:** The BOD will develop a two-year budget for approval by the Membership at the annual meeting. The second year budget is a planning budget and will be revised as needed.

**Financial Review of Records:** A review of the financial records will be conducted on an annual basis. The president will appoint a member or members of the Association to conduct the review. A written report on the condition of the financial records will be provided at the annual meeting.

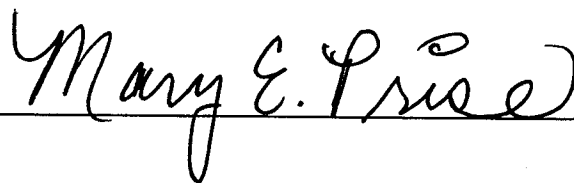
**Federal and State Tax Returns:** The Association is required to submit Federal and State Tax returns. Federal tax return must be submitted prior to March 15th. State tax return is due by April 15th.

**Petty Cash Procedures:** The purpose of the Petty Cash Fund is to pay small bills and reimburse members for authorized small purchases that cost no more than \$25.00. The Petty Cash Fund will consist of \$200.00. The Treasurer will hold the Petty Cash Fund. The Treasurer upon receiving a current receipt will reimburse small-authorized purchases by members. The Petty Cash Fund will be replenished on a monthly basis or when the level of the fund is below \$100.00. The Treasurer will submit a detailed list of purchases with receipts to the management company. A check will be written to the Treasurer in the amount of the receipts. Another member of the Board of Directors will audit the Petty Cash Fund on a semi-annual basis. The report of the audit will appear in the Board of Directors minutes.

### **Swimming Pool Committee**

**GENERAL:** The Swimming Pool Committee ensures that the recreation and pool areas, which are regulated by these rules, are maintained in a safe and clean manner either through volunteer help or the hiring of professional services. The Swimming Pool Committee will be responsible for management of the parking lot, tennis court, play ground, multi-purpose field, and the covered shelter. The Swimming Pool Committee is responsible for the area and operation of the swimming pool. Any Association member may eject any person or persons from the recreation area who are endangering themselves, or any other person's rightful enjoyment of the recreation area. The Recreation Area is intended for our residents and their guests only. No outside team or organization can reserve any part of the Recreation Area for use, i.e., tennis team, baseball team, soccer team, swim team, etc. unless authorized by the Swimming Pool Committees or BOD and sponsored by an Association member.

The BOD adopted these Custom Rules and Regulations on March 20, 2012



Secretary



## WILLIAMSBURG BLUFFS

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Architectural Control Board (A.C.B.)

### GUIDELINES FOR SHEDS, RECREATIONAL EQUIPMENT, ETC.

#### SHEDS:

ALL SHED PLANS MUST BE SUBMITTED IN WRITING FOR APPROVAL TO THE Architectural Control Board (A.C.B.). IN ORDER TO FACILITATE APPROVAL PLEASE BE ADVISED THAT THE GUIDELINES FOR SHEDS WILL BE AS FOLLOWS:

SHEDS MUST BE OF WOOD FRAME CONSTRUCTION, TRIMMED OUT WITH WHITE FACIA, WINDOW AND DOOR FRAMES, SHINGLED TO MATCH DWELLING ROOF AND SIDED WITH PAINTED/STAINED WOOD/VINYL SIDING TO MATCH HOUSE COLOR;

MAY BE SET OR CONSTRUCTED ON A CONCRETE SLAB OR SKIRTED SKIDS WITH PROPER LANDSCAPING AND MUST MEET MINIMUM COUNTY REGULATIONS FOR SET BACKS, RIGHTS OF WAY, ETC;

REQUIREMENTS NOT SPECIFIED BY THE COUNTY SHALL BE DEFINED AS FOLLOWS; NO SHED WILL BE PLACED FURTHER FORWARD THAN THE REAR WALL OF ANY DWELLING AND A MINIMUM OF 5' FROM THE INSIDE OF ANY PROPERTY LINE;

SHEDS WILL BE LIMITED IN SIZE TO A MAXIMUM OF 12' X 12'. HOWEVER, PLEASE KEEP IN MIND THAT THE MAXIMUM LOT COVERAGE IS LIMITED TO 25% INCLUDING ALL STRUCTURES (HOUSE, DECKS, PORCH, SHED, ETC.)

THEY MUST BE PROPERLY MAINTAINED WITH REGARD TO PAINT, STAIN, LANDSCAPING, ETC.

NO SHED SHALL HAVE AN ATTACHED "LEAN-TO" ROOF. (ALL LAWN & GARDEN EQUIPMENT SHALL BE KEPT BEHIND CLOSED DOORS)

#### SWING SETS/GYMS/RECREATIONAL EQUIPMENT:

MUST BE OF TREATED WOOD CONSTRUCTION. THEY SHOULD BE PROPERLY MAINTAINED AND BE ANCHORED IN THE GROUND. CONSTRUCTION, SIZE AND PLACEMENT DOES COME UNDER THE JURISDICTION OF THE "RESTRICTIONS" (ARTICLE V, SECTION 3)

#### FENCES:

MAINTAINED CEDAR OR TREATED PINE, PICKET OR BOARD-ON-BOARD, LIMITED TO A MAXIMUM OF 6' HEIGHT. (ARTICLE VI, SECTION 14)

#### TRASH RECEPTACLES:

"SHALL BE CONCEALED IN A MANNER THAT THEY CAN NOT BE SEEN FROM THE FRONT OF THE RESIDENCE. (ARTICLE VI, SECTION 9).

RECREATIONAL VEHICLES (i.e.: BOATS, TRAILERS, CAMPERS, MOTOR HOMES, etc.)  
"SHALL NOT STAND FOR MORE THAN 24 HOURS FORWARD OF THE REAR WALL OF A DWELLING." (ARTICLE VI, SECTION B,16)

DECKS:

TREATED WOOD, PICKET HANDRAILS, STANDARD DECKING MATERIALS, LATTICE SKIRTING (OPTIONAL). PLANS MUST BE SUBMITTED TO THE A.C.B. AND APPROVED BEFORE CONSTRUCTION BEGINS.

PETS:

"ALL PETS MUST BE KEPT UNDER THE CONTROL OF THEIR OWNER WHEN THEY ARE OUTSIDE..." (ARTICLE VI, SECTION 13)

We all understand what it's like to have (and love) our own "Household Pets". However, our neighbors may not share the same feelings for pets of others (whether they have pets of their own or not). It is only "neighborly" that we make certain that our pets do not infringe on the "peaceful enjoyment" of any of our neighbors. For the sake of our own pets (and to keep them from becoming subject to a "Nuisance" complaint) it is strongly advised that we observe the "Restrictions" with regard to our pets.

PET HOMES:

DUE TO THE WIDE VARIETY OF AVAILABILITY, PET HOMES WILL BE TREATED ON AN INDIVIDUAL BASIS (MUST BE APPROVED BY THE A.C.B.)

LANDSCAPING:

FOR ALL PRACTICAL PURPOSES, 'GENERAL' LANDSCAPING IS PRETTY MUCH AT EACH HOMEOWNER'S DISCRETION, PROVIDING THAT IT IS IN GOOD TASTE AND DOES NOT REPRESENT ANY INFRACTIONS TO OTHER SECTIONS OF THE "RESTRICTIONS" (i.e. NUISANCE, NEGLECTED MOWING, WEEDS, ETC.).

ANY CHANGES IN GRADE, HOWEVER, MUST BE APPROVED BY THE A.C.B. IN ORDER TO DETERMINE WHAT EFFECTS THERE MIGHT BE ON DRAINAGE, EROSION OR STRUCTURAL EFFECTS

POOLS:

POOLS (ABOVE GROUND & IN-GROUND) MUST MEET MINIMUM COUNTY CODES, ORDINANCES, SET BACKS, FENCING REQUIREMENTS, ETC. ("KIDDIE" POOLS ARE EXCLUDED. HOWEVER, GOOD JUDGMENT IN SAFETY AND "NEIGHBORLY" CONSIDERATION IS ALWAYS RECOMMENDED).

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PLEASE NOTE THAT THESE GUIDELINES DO NOT COVER EVERY POSSIBLE ISSUE AND ARE SUBJECT TO UPDATES AS NEEDS REQUIRE. HOWEVER, OUR "DECLARATION OF COVENANTS AND RESTRICTIONS" IS FAIRLY COMPREHENSIVE AND ENFORCEABLE. IF YOU SHOULD HAVE ANY QUESTIONS OR CONCERNS ABOUT THESE OR RELATED MATTERS, PLEASE FEEL FREE TO CALL ONE OF THE MEMBERS OF THE Architectural Control Board.

# WILLIAMSBURG BLUFFS PROJECT REVIEW REQUEST

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Architectural Control Board (A.C.B.)

All structural and appearance changes must be approved by the ACB before construction begins. This applies to all structures, including (but not limited to) swing sets, decks, sun rooms, room additions, fences, storage buildings, pet homes, etc. The ACB must also pre-approve any changes in appearance such as paint colors, siding, architectural design, roofing, etc.

Please use the following form to submit your plans for review by the ACB.

Date: \_\_\_\_\_

Name of Owner(s) \_\_\_\_\_

Property Address \_\_\_\_\_

Home Phone: \_\_\_\_\_ Work or Cell Phone \_\_\_\_\_

Specific Project Description: (include drawings or photos if possible)

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The ACB has up to 60 days to review your request.

Please submit this form to Brooks Property Management Company



*Policy Resolutions*

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF  
WILLIAMSBURG BLUFFS COMMUNITY ASSOCIATION, INC.**

**(Policy for Records Inspection and Cost Schedule)**

**WHEREAS**, all Owners of Lots in Williamsburg Bluffs are Members of Williamsburg Bluffs Community Association, Inc. (Owners and Members collectively referred to in this Resolution as "Members"); and

**WHEREAS**, the Association and all Members are subject to the provisions of Virginia's Property Owners' Association Act and Virginia's Nonstock Corporation Act; and

**WHEREAS**, Section 55-510.B of Virginia's Property Owners' Association Act ("POAA") authorizes Association Members to request examination and copying of books and/or records ("Records Request") kept by or on behalf of the Association, *provided, however*, the request is for a proper purpose related to the Member's membership in the Association, *provided, further*, Records Requests are subject to the limitations and exemptions set forth in the POAA as set forth more fully in this Resolution; and

**WHEREAS**, the Association is authorized to impose and collect a charge to respond to Records Requests; and

**WHEREAS**, effective July 1, 2012, the Association may impose and collect a charge to respond to Records Requests only in accordance with a cost schedule ("Cost Schedule") adopted pursuant to Section 55-510 of the POAA; and

**NOW THEREFORE**, the Board of Directors of Williamsburg Bluffs Community Association, Inc. ("Board") does hereby adopt by this Resolution in order to adopt the following Records Request procedures and Cost Schedule:

1. **Cost Schedule:** Pursuant to Section 55-510.D of Virginia's Property Owners' Association Act, the Association shall impose and collect a charge as follows for response to a Member's Records Request, as defined in Section 2 below:
  - a. \$ 75.00 per hour, charged by the quarter hour, for the costs of labor to respond to the Member's Records Request;
  - b. \$ 0.15 per page, for the cost of black and white copies, and \$ 0.25 per page, for the cost of color copies for the materials required to respond to the Member's Records Request. Copies of documents larger in width and/or length than standard (8 1/2 x 11) copy paper and/or legal-sized paper shall be charged at a rate that shall be determined by the Association in its discretion, but in no case shall the rate be greater than the actual copying cost thereof.

The cost schedule shall apply equally to all Association Members in good standing, and shall be provided to an Association Member submitting a Records Request at the time the Records Request is made.

2. Records Request Policy:

a. Pursuant to Section 55-510.B of the POAA, and subject to Section 55-510.C of the POAA and Section 3 below, and so long as the request is for a proper purpose related to a Member's membership in the Association, all books and records kept by or on behalf of the Association, shall be available for examination and copying by a Member in good standing or the Member's authorized agent ("Records Request") including but not limited to:

(1) The Association's Membership list and addresses, which shall not be used for purposes of pecuniary gain or commercial solicitation; and

(2) The actual salary of the six highest compensated employees of the Association earning over \$75,000, if any, and aggregate salary information of all other employees of the Association, if any; however, individual salary information shall not be available for examination and copying during the Declarant Control Period, if the Association is still in the Declarant Control Period.

b. The Board of Directors considers an Association Member in "good standing", and therefore eligible to submit and receive a response to, a Records Request, if the Member's financial obligation is current in accordance with the Association's Bylaws and/or Collections Policy.

c. This right of examination shall exist without reference to the duration of membership and may be exercised (i) only during reasonable business hours or at a mutually convenient time and location and (ii) upon five (5) days' written notice reasonably identifying the purpose for the request and the specific books and records of the Association requested.

3. Exemptions: Pursuant to Section 55-510.C of the POAA, books and records kept by or on behalf of the Association may, and hereby shall, be withheld from inspection and copying to the extent that they concern:

a. Personnel matters relating to specific, identified, persons or a person's medical records;

b. Contracts, leases, and other commercial transactions to purchase or provide goods or services, currently in or under negotiation;

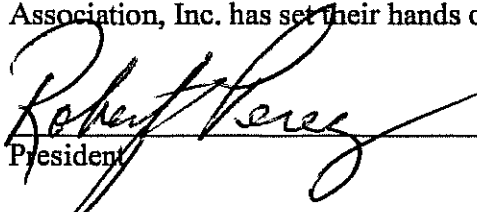
c. Pending or probable litigation. "Probable litigation" means those instances where there has been a specific threat of litigation from a party or the legal counsel of a party;

- d. Matters involving state or local administrative or other formal proceedings before a government tribunal for enforcement of the association documents or rules and regulations promulgated pursuant to the POAA;
- e. Communications with legal counsel that relate to subdivisions a. through d. or that are protected by the attorney-client privilege or the attorney work product doctrine;
- f. Disclosure of information in violation of law;
- g. Meeting minutes or other confidential records of an executive session of the Board of Directors;
- h. Documentation, correspondence or management or board reports compiled for or on behalf of the association or the board by its agents or committees for consideration by the board in executive session; or
- i. Individual Unit Owner or member files, other than those of the requesting Lot Owner, including any individual lot owner's or member's files kept by or on behalf of the association.

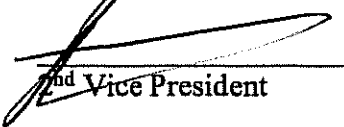
4. Section 55-510 of Virginia's Property Owners Association Act is attached hereto as Exhibit A to this Resolution.

5. Association Records Request Form: The Association's Records Request Form shall be or shall be similar to the Form attached as Exhibit B to this Resolution.

**IN WITNESS WHEREOF** the Board of Directors of Williamsburg Bluffs Community Association, Inc. has set their hands on this 15<sup>th</sup> day of April, 2014.

  
 \_\_\_\_\_  
 President

  
 \_\_\_\_\_  
 Vice President

  
 \_\_\_\_\_  
 2<sup>nd</sup> Vice President

\_\_\_\_\_  
 Secretary

SECTION 55-510.A through D OF  
PROPERTY OWNERS' ASSOCIATION ACT (as of July 1, 2012)

§ 55-510. Access to association records; association meetings; notice.

A. The association shall keep detailed records of receipts and expenditures affecting the operation and administration of the association. All financial books and records shall be kept in accordance with generally accepted accounting practices.

B. Subject to the provisions of subsection C and so long as the request is for a proper purpose related to his membership in the association, all books and records kept by or on behalf of the association, shall be available for examination and copying by a member in good standing or his authorized agent including but not limited to:

1. The association's membership list and addresses, which shall not be used for purposes of pecuniary gain or commercial solicitation; and
2. The actual salary of the six highest compensated employees of the association earning over \$75,000 and aggregate salary information of all other employees of the association; however, individual salary information shall not be available for examination and copying during the declarant control period.

This right of examination shall exist without reference to the duration of membership and may be exercised (i) only during reasonable business hours or at a mutually convenient time and location and (ii) upon five days' written notice reasonably identifying the purpose for the request and the specific books and records of the association requested.

C. Books and records kept by or on behalf of an association may be withheld from inspection and copying to the extent that they concern:

1. Personnel matters relating to specific, identified persons or a person's medical records;
2. Contracts, leases, and other commercial transactions to purchase or provide goods or services, currently in or under negotiation;
3. Pending or probable litigation. Probable litigation means those instances where there has been a specific threat of litigation from a party or the legal counsel of a party;
4. Matters involving state or local administrative or other formal proceedings before a government tribunal for enforcement of the association documents or rules and regulations promulgated pursuant to § 55-513;
5. Communications with legal counsel that relate to subdivisions 1 through 4 or that are protected by the attorney-client privilege or the attorney work product doctrine;
6. Disclosure of information in violation of law;

7. Meeting minutes or other confidential records of an executive session of the board of directors held in accordance with subsection C of § 55-510.1;

8. Documentation, correspondence or management or board reports compiled for or on behalf of the association or the board by its agents or committees for consideration by the board in executive session; or

9. Individual unit owner or member files, other than those of the requesting lot owner, including any individual lot owner's or member's files kept by or on behalf of the association.

D. (Effective July 1, 2012) Prior to providing copies of any books and records to a member in good standing under this section, the association may impose and collect a charge, reflecting the reasonable costs of materials and labor, not to exceed the actual costs thereof. Charges may be imposed only in accordance with a cost schedule adopted by the board of directors in accordance with this subsection. The cost schedule shall (i) specify the charges for materials and labor, (ii) apply equally to all members in good standing, and (iii) be provided to such requesting member at the time the request is made.

**WILLIAMSBURG BLUFFS COMMUNITY ASSOCIATION, INC.**  
**Request for Access to Association Books and Records**

Owner's Name: \_\_\_\_\_

Association Address: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Date: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

I hereby request the Association provide access to the Association's books and records pursuant to Section 55-510 of Virginia's Property Owners' Act.

1. The books and records that I wish to review are ("Records Request"):

a. \_\_\_\_\_  
\_\_\_\_\_

b. \_\_\_\_\_  
\_\_\_\_\_

c. \_\_\_\_\_  
\_\_\_\_\_

Attach additional requests on separate sheets as necessary.

2. By my/our signature(s) below, I/we certify that my/our request to review the Association's books and records is for a proper purpose related to my/our Association membership, and if my/our request includes a request for an Association membership list and addresses ("Membership List"), the Membership List shall not be used for purposes of commercial gain or solicitation. Specifically, my/our reason(s) for wanting to review the books and records of the Association is as follows:

\_\_\_\_\_  
\_\_\_\_\_

3. By my/our signature(s) below, I/we further acknowledge:
- a. I/we have received and accept the Association's Policy for Records Inspections and Cost Schedule;
  - b. My/our Records Request will be made available at such time and place as the Association's policy provides;
  - c. There may be a cost associated with the Association's processing of the Records Request;
  - d. I/we agree to pay any costs associated with the Association's processing of the Records Request, including but not limited to the actual and reasonable costs of materials and labor; and
  - e. I/we may be required to pay for such costs prior to receipt and/or review of the completed Requests Request.

\_\_\_\_\_  
Member Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Member's Printed Name

\_\_\_\_\_  
Member Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Member's Printed Name

---



---

This Block for Association Use Only:

Date Records Request Received by Association's Manager: \_\_\_\_\_

Records Request Received By:

\_\_\_\_\_  
Signature of Association Manager to certify Date Records Request Received:

\_\_\_\_\_  
Printed Name of Association Manager who received Records Request



Date Records Request Completed by Association's Manager: \_\_\_\_\_

Records Request Response Completed By:

\_\_\_\_\_  
Signature of Association Manager to certify Date Records Request Received:

\_\_\_\_\_  
Printed Name of Association Manager who received Records Request

Copies of all documents provided in response to this Records Request are attached.

A List of Documents provided in response to Requests Request:

## RESOLUTION BY CONSENT OF THE BOARD OF DIRECTORS

The undersigned, being a majority of the Directors of Williamsburg Bluffs Community Association, (the "Association"), hereby consent to the adoption of the following resolution:

**RESOLVED**, that the Association desires to implement a revised policy for the collection of dues and the handling of delinquent accounts. Accordingly, the following policy will supersede the "**Resolution By Consent of the Board of Directors**", that became effective January 1, 2006.

### Monthly Assessments:

- a. Dues are payable in advance on the 1<sup>st</sup> day of each calendar month.
- b. Dues not received at the offices of the managing agent by the 10<sup>th</sup> day of each month will be considered delinquent. The delinquent account will be subject to a late fee in the amount of \$10.00 per month until the account is brought current.
- c. All accounts, upon reaching a delinquent balance of more than two months will immediately be submitted for collection. In addition, all such accounts will be subject to an additional monthly administrative fee in the amount of \$20.00. The Homeowner will be responsible for all administrative and legal fees incurred by the Association in pursuing collection of the delinquent account. The Board shall have the authority to accelerate payment of the annual assessment, through the fiscal year, if any installment of an annual assessment is not paid within thirty days of the due date established by the Board. Upon default, the Board may in its discretion, turn the account over to legal counsel.
- d. Any account with a delinquent balance that is less than the monthly assessment then in effect will not be assessed a monthly late fee.
- e. A returned check fee in the amount of \$25.00 will be applied for each check that is returned "unpaid", regardless of the reason. The managing agent will not redeposit returned checks.

**RESOLVED**, that each of the Officers and Directors are hereby authorized to take such steps and perform such duties as they deem appropriate to implement this resolution.

**BE IT FURTHER RESOLVED**, that the Secretary of the association is hereby directed to file this resolution among the records of the corporation.

**BE IT FURTHER RESOLVED**, that the foregoing resolution be deemed effective March 8, 2011.

DIRECTORS SIGNATURE

DIRECTORS PRINTED NAME

DATE

*Brad Brooks*

BRAD BROOKS

3-8-2011

*Lisa J. Jones*

Lisa J. Jones

8 Mar 2011

*Laura Klue*

Laura Klue

8 Mar 11

*Robert Perez*

ROBERT PEREZ

8 Mar 11

*Mary Price*

MARY PRICE

08 Mar 2011

**RESOLUTION**  
**of the**  
**Board of Directors**  
**of**  
**Williamsburg Bluffs Community Association, INC**  
**(Association Complaint Procedures)**

**WHEREAS**, the Code of Virginia, 1950, as amended (the "Virginia Code"), was amended by statute effective July 1, 2008, to create a Common Interest Community Board ("CIC Board") and the Office of the Common Interest Ombudsman ("CICO"); and

**WHEREAS**, Section 55-530.E states the CIC Board "shall establish by regulation a requirement that each association shall establish reasonable procedures for the resolution of written complaints from the members of the association and other citizens"; and

**WHEREAS**, for the benefit and protection of the Association and of its individual Members, and with a goal of reducing and resolving conflicts among and/or between the Association and its Members, the Board of Directors hereby establishes these Association Complaint Procedures to meet the requirements of Sections 55-530.E and F of the Virginia Code and regulations of the Common Interest Community Ombudsman regarding Association Complaint Procedures effective July 1, 2012; and

**WHEREAS**, the Board of Directors will provide notice of this policy to all current Owners by mailing a copy of this Resolution to current Owners and to all future Owners by including the Resolution in resale certificates prepared pursuant to Virginia's Condominium Act and/or Property Owners' Association, as applicable; and

**WHEREAS**, this Resolution shall remain in full force and effect until amended by further resolution of the Board.

[THE BALANCE OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

**NOW THEREFORE**, the Board of Directors of Williamsburg Bluffs Community Association, Inc. does hereby adopt this Resolution in order to adopt the following Association Complaint Procedures:

1. Right to Submit Association Complaint. When any Association Member ("Member" or "Complainant") observes or reasonably believes the Board of Directors ("Board"), the Association's Common Interest Community Manager ("Association Manager") or any individual Board Member has or is continuing to violate any provision of the Association's Declaration, Architectural Guidelines, Articles of Incorporation, Bylaws, and/or Rules and Regulations ("Governing Documents"), the Member shall have the right to acquire, complete and submit an Association Complaint Form.
  
2. Association Complaint Form.
  - a. The Association Complaint Form shall comport substantially with the Association Complaint Form attached to this Resolution as Exhibit A, or with any form required by regulation duly promulgated by Virginia's Common Interest Community Board ("CIC Board").
  
  - b. The Association Complaint Form shall be submitted to Landfall At Jamestown Community Association, Inc., c/o UPA 525 So. Independence Blvd. Suite 200, VaBeach, Va. 23452, 757-497-5752, [resolutions@unitedproperty.org](mailto:resolutions@unitedproperty.org). The Association Complaint may be submitted to the Association:
    - (i) By U.S. Mail, registered or certified, return receipt requested;
  
    - (ii) By hand delivery, *provided, however*, the method of hand delivery must provide a means to prove delivery;
  
    - (iii) By facsimile to the Association's Managing Agent; and/or
  
    - (iv) By email to the Association's Manager.
  
  - c. The Association Complaint Form must be submitted at least fourteen (14) days prior to the next scheduled regular Board Meeting to insure review at that meeting. If the Association Complaint Form is received less than fourteen (14) business days prior to the next scheduled regular Board Meeting, the Association Complaint Form shall be reviewed at the next subsequent regular Board Meeting.
  
3. Association Complaint Receipt.
  - a. The Association shall provide written acknowledgment of receipt of the

Association Complaint ("Association Complaint Receipt") to the Complainant within seven (7) days of receipt of the Association Complaint. Such acknowledgment shall be hand delivered or mailed by registered or certified mail, return receipt requested, to the Complainant at the address provided in the Association Complaint, or if consistent with established Association procedure, by electronic means provided the sender retains sufficient proof of the electronic delivery.

- b. Notice of the date, time and location that the Association Complaint will be considered shall be included in the Association Complaint Receipt required by Association Complaint Provision 6 above. If such Notice is not included in the Association Complaint Receipt, such Notice shall be hand delivered or mailed by registered or certified mail, return receipt requested, to the Complainant at the address provided in the Association Complaint, or if consistent with established Association procedure, by electronic means provided the sender retains sufficient proof of the electronic delivery. Such Notice shall be mailed within a reasonable time prior to review of the Association Complaint but shall be mailed not less than three (3) days prior to the date set for review of the Complaint.

4. Review of the Association Complaint.

- a. The Board shall review any Association Complaint Form received and shall, if necessary, consult with the Association's attorney and/or any other vendor or professional providing services to the Association to provide as complete a review as possible to arrive at its decision.
- b. The Board may, but shall not be required to, consult with the Member who submitted the Association Complaint Form to understand more fully the substance and/or basis of the Member's Complaint.
- c. In the event the Board determines the Association Complaint is incomplete or contains insufficient information to render a decision, the Board shall cause a written request for additional information that identifies with specificity the information needed to complete the Association Complaint to be sent to the Complainant at the address provided in the Association Complaint. Such written request shall be hand delivered or mailed by registered or certified mail, return receipt requested, to the Complainant at the address provided in the Association Complaint, or if consistent with established Association procedure, by electronic means provided the sender retains sufficient proof of the electronic delivery.

5. Final Determination Letter. The Board shall render a written decision and/or review of the Complaint ("Association Complaint Final Determination Letter" or

"Final Determination Letter") to the Member within seven (7) days of the regular Board Meeting during which the Association Complaint was reviewed.


The Final Determination Letter shall:

- a. Be hand delivered or mailed by registered or certified mail, return receipt requested, to the Complainant at the address provided in the Association Complaint, or if consistent with established Association procedure, by electronic means provided the sender retains sufficient proof of the electronic delivery.
  - b. Be dated as of the date of issuance and include specific citations to applicable Association Governing Documents, laws or regulations that led to the Final Determination.
  - c. Include the Registration Number of the Association and the name and License Number of the Common Interest Community Association Manager.
  - d. Include the Complainant's right to file a Notice of Final Adverse Decision with the Common Interest Community Board via the Common Interest Community Ombudsman, along with the applicable contact information.
6. Appeal. The determination of the Board as reflected in the Final Determination Letter shall be the final decision of the Board. The Board has not adopted an appeal process and shall not hear an appeal of the Final Determination Letter.
7. Should any Member need assistance in understanding the Member's rights and the processes available to common interest community Members, the Member may contact Virginia's Office of the Common Interest Community Ombudsman ("CICO") for assistance. The CICO may be reached at the Department of Professional and Occupational Regulation, 9960 Mayland Drive, Suite 400, Richmond, Virginia 23233. The CICO's current telephone number is (804) 367-8510. The CICO's current email address is [cic@dpor.virginia.gov](mailto:cic@dpor.virginia.gov).
8. **Complainant's Rights Description required by Section 55-530-E.2 of the Code of Virginia, 1950, as amended.** In accordance with Section 55-530.F of the Code of Virginia, as amended, an Association Complainant may give notice to Virginia's Common Interest Community Board (the "Board") of any final adverse decision in accordance with regulations promulgated by the Board. The notice shall be filed within 30 days of the final adverse decision, shall be in writing on forms prescribed by the Board, shall include copies of all records pertinent to the decision, and shall be accompanied by a \$25 filing fee. The fee shall be collected by the Director of Professional and Occupational Regulation and paid directly into the state treasury and credited to the Common Interest

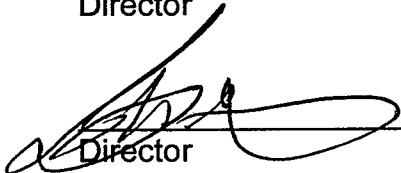
Community Management Information Fund, § 55-530.1. The Board may, for good cause shown, waive or refund the filing fee upon a finding that payment of the filing fee will cause undue financial hardship for the member. The Director shall provide a copy of the written notice to the Association that made the final adverse decision.

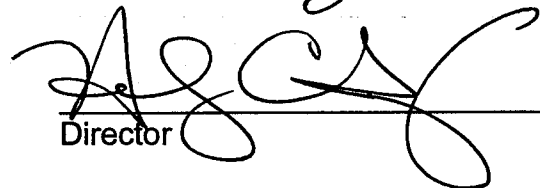
9. The Association Complaint Form, all attachments thereto and a copy of the Final Determination Letter ("Complaint File") shall be retained by the Association for not less than one (1) year after the Board renders a decision on the Complaint. The Complaint File shall be eligible for review and duplication solely by the Association's Board of Directors, the Association Manager and the Lot Owner(s) who submitted the original Complaint Form, *provided, however*, the Complaint File shall be produced upon order of an appropriate judicial or administrative body having jurisdiction over the Association.
10. The Board shall amend and restate this Association Complaint Procedures Resolution each time the name, address, telephone number and email address of the Association's Manager changes to remain compliant with Section 55-530.E.2 of the Virginia Code.

**IN WITNESS WHEREOF** the Board of Directors of Williamsburg Bluffs Community Association, Inc. has set their hands on this 9<sup>TH</sup> day of OCTOBER 2012.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

Add more signature blocks as necessary

**Williamsburg Bluffs Community Association, Inc.  
ASSOCIATION COMPLAINT FORM**

This Form is available to all Association Owners as required by Section 55-530.E of the Code of Virginia, 1950, as amended ("Virginia Code"). Please complete and return this Form to the Association's Manager at least fourteen (14) days prior to the next scheduled regular Board of Directors Meeting to insure review at that Meeting. The Board will provide a written response to any submitted Association Complaint Form within seven (7) days of the Board Meeting during which the Complaint is reviewed.

Member Name (Printed): \_\_\_\_\_

Member Name (Signature): \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

Please outline and/or address your specific complaint and attach to this Form. Please include copies of all applicable provisions of the Association's Declaration, Architectural Guidelines, Articles of Incorporation, Bylaws and/or Rules and Regulations to assist the Board in understanding your complaint. Please be sure to identify and/or attach the provisions of all specific provisions of the Virginia Code you believe may apply.

Forward the completed Association Complaint Form and all attachments to:

United Property Associates  
525 S. Independence Blvd. Suite 200  
Virginia Beach, VA 23452  
Telephone: (757)497-5752  
Facsimile: (757)497-9133  
Email: resolutions@unitedproperty.org

Your signature on this form acknowledges you have received and reviewed the Association's Complaint Procedures Resolution.

Should you need assistance in understanding your rights and the processes available to common interest community Members, you may contact Virginia's Office of the Common Interest Community Ombudsman ("CICO") for assistance. The CICO may be reached:

Department of Professional and Occupational Regulation  
9960 Mayland Drive, Suite 400  
Richmond, Virginia 23233  
Telephone: (804) 367-8510 Email: cic@dpor.virginia.gov



=====

This Block for Association Use Only:

Date Complaint Received by the Association's Manager: \_\_\_\_\_

Printed Name of Association Manager who received Complaint:  
\_\_\_\_\_

Signature of Association Manager to certify Date Complaint Received:  
\_\_\_\_\_

Date Complaint Reviewed by the Board of Directors: \_\_\_\_\_

Date Final Determination Letter forwarded to Complainant: \_\_\_\_\_

Printed Name of Person who prepared Response:  
\_\_\_\_\_

Signature of Person who prepared Response:  
\_\_\_\_\_

Please attach a copy of the Response to this Association Complaint Form.

=====

**Complainant's Rights Description required by Section 55-530-E.2 of the Virginia Code**

In accordance with Section 55-530.F of the Code of Virginia, as amended, an Association Complainant may give notice to Virginia's Common Interest Community Board (the "Board") of any final adverse decision in accordance with regulations promulgated by the Board. The notice shall be filed within 30 days of the final adverse decision, shall be in writing on forms prescribed by the Board, shall include copies of all records pertinent to the decision, and shall be accompanied by a \$25 filing fee. The fee shall be collected by the Director of Professional and Occupational Regulation and paid directly into the state treasury and credited to the Common Interest Community Management Information Fund, § 55-530.1. The Board may, for good cause shown, waive or refund the filing fee upon a finding that payment of the filing fee will cause undue financial hardship for the member. The Director shall provide a copy of the written notice to the Association that made the final adverse decision.

*Budget*

#538-Williamsburg Bluffs Community Association, Inc.  
 Adopted 2014 Budget  
 8/21/2013

Month no. 5  
 No. of units 130

|                                         | 2011<br>Final<br>Totals<br>Actual | 2012<br>Final<br>Totals<br>Actual | 2013<br>Current<br>Annual<br>Budget | 2013<br>"Year to<br>Date"<br>Budget | 2013<br>"Year to<br>Date"<br>Actual | 2014<br>Adopted<br>Annual<br>Budget | 2014<br>Adopted<br>Monthly<br>Budget | 2014<br>Adopted<br>Per unit<br>Per Month |
|-----------------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|------------------------------------------|
| 538-4110.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-4140.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-4200.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-4245.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-4250.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-4253.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-4255.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-4263.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-4264.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-4266.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| <b>TOTAL INCOME</b>                     | <b>\$63,391.91</b>                | <b>\$59,475.91</b>                | <b>\$60,476.60</b>                  | <b>\$25,198.58</b>                  | <b>\$26,675.39</b>                  | <b>\$60,476.60</b>                  | <b>\$5,039.72</b>                    | <b>\$38.77</b>                           |
| 538-5140.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5150.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5180.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5195.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5220.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5221.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5222.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5240.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5260.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5270.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5271.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5275.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5290.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5300.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5304.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5310.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5325.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5340.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| <b>TOTAL GEN. &amp; ADMIN. EXPENSES</b> | <b>\$22,645.28</b>                | <b>\$21,271.51</b>                | <b>\$22,266.60</b>                  | <b>\$9,277.75</b>                   | <b>\$9,492.91</b>                   | <b>\$22,802.00</b>                  | <b>\$1,900.17</b>                    | <b>\$14.62</b>                           |
| 538-5370.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5375.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5376.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5380.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| <b>TOTAL UTILITIES</b>                  | <b>\$5,989.86</b>                 | <b>\$5,967.41</b>                 | <b>\$5,700.00</b>                   | <b>\$2,375.00</b>                   | <b>\$615.85</b>                     | <b>\$5,300.00</b>                   | <b>\$441.67</b>                      | <b>\$3.40</b>                            |
| 538-5430.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5431.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5434.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5450.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5455.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5464.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5466.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5467.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5468.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| <b>TOTAL MAINTENANCE</b>                | <b>\$17,320.34</b>                | <b>\$24,724.56</b>                | <b>\$22,740.00</b>                  | <b>\$9,475.00</b>                   | <b>\$748.32</b>                     | <b>\$22,104.60</b>                  | <b>\$1,842.05</b>                    | <b>\$14.17</b>                           |
| <b>NET OPERATING INCOME</b>             | <b>\$17,436.43</b>                | <b>\$7,512.43</b>                 | <b>\$9,770.00</b>                   | <b>\$4,070.83</b>                   | <b>\$15,818.31</b>                  | <b>\$10,270.00</b>                  | <b>\$855.83</b>                      | <b>\$6.58</b>                            |
| 538-5516.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5549.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| <b>TOTAL REPLACEMENT RESERVES</b>       | <b>\$8,415.52</b>                 | <b>\$8,117.11</b>                 | <b>\$7,900.00</b>                   | <b>\$3,291.67</b>                   | <b>\$3,344.11</b>                   | <b>\$8,400.00</b>                   | <b>\$700.00</b>                      | <b>\$5.38</b>                            |
| 538-5658.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| 538-5660.0000                           |                                   |                                   |                                     |                                     |                                     |                                     |                                      |                                          |
| <b>NET OPERATING RESERVES</b>           | <b>\$8,744.95</b>                 | <b>\$5,000.04</b>                 | <b>\$1,870.00</b>                   | <b>\$779.17</b>                     | <b>\$2,083.35</b>                   | <b>\$1,870.00</b>                   | <b>\$155.83</b>                      | <b>1.20</b>                              |
| <b>NET INCOME</b>                       | <b>\$275.96</b>                   | <b>-\$5,604.72</b>                | <b>\$0.00</b>                       | <b>\$0.00</b>                       | <b>\$10,390.85</b>                  | <b>\$0.00</b>                       | <b>\$0.00</b>                        | <b>\$0.00</b>                            |

**2014 Adopted Budget Narrative  
Williamsburg Bluffs Community Association #538**

**Income**

**Association Fees** –This line item details the assessments projected to be collected during the budgeted period.

**Interest Income-** This line item details income projected from investment interest earned.

**Late Fee Income-** This line item details income projected from late fees collected from delinquent owner accounts.

**Court Costs/Collections-** This item details estimated income from delinquent fees collected through the court system.

**Expenses**

**Auditing Expense-** Fees paid to an independent, registered CPA to perform an annual audit, review or compilation of the Association's finances and/or state and federal tax returns.

**Social Committee-** Costs for community social events and to provide welcome baskets to new owners.

**Bank Service Charge** – Fees paid to the bank for the payment lockbox, deposit slips and other account maintenance costs.

**Legal Expenses** – Costs of securing professional legal advice and the annual Registered Agent fee.

**Property Insurance** – Cost of the Association's master insurance policy including general liability, Directors & Officers and fidelity bond.

**Corporate Fees** – Includes fees for annual filing with the Common Interest Community Board (CICB) and the State Corporation Commission (SCC).

**Management Fee** – This line item covers the cost for United Property Associates to handle the day-to-day operations of the Association, such as preparing financial statements, receiving and depositing assessments, handling all payments to vendors, communicating with homeowners, handling financial disclosures, property inspections, rules enforcement and advising and assisting the Board of Directors in its duties.

**Miscellaneous General/Administrative** – Operational costs not included under another specific line item.

**Office Expense/Printing** – Cost of office supplies and copying/printing for Association business.

**Newsletter-** Expense to produce community newsletter.

**Coupon Books-** Costs for producing coupons for all owners.

**Postage** – Cost for postage of first class mail and certified mailings as needed or required on behalf of the Association.

**Professional Fees-**Costs of professional reports, reserve studies and Other professional services as needed.

**Taxes-State** – Taxes to be paid to the Commonwealth of Virginia.

**Taxes-Corporate** – Taxes to be paid to the Internal Revenue Services.

**Telephone** – Cost for telephone services.

### Utilities

**Utilities-Water/Sewer** – Water and sewer utilities HRSD, York County, Newport News.

**Utilities-Electric** – Cost associated with the common element lighting and electrical services.

### Maintenance

**Maint.-Lawn Contract** – Costs for regular lawn services (cutting, edging, seeding, etc.) in the common areas of the community.

**Maint.- Landscaping Extras/Tree Removal** – Costs associated with planting or removal of shrubs, flowers, trees or other landscaping extras not included in the annual lawn contract.

**Maint- Signs-** Cost to produce signs used throughout the community.

**Maint. – Bldg/Fence/Grnds** – Costs for routine maintenance of buildings, common area fences and grounds.

**Maint.-Pool Supplies** – Costs associated with repair or the purchase of supplies related to the operation of the swimming pool.

**Maint.- Swimming Pool Contract** – Costs associated with the contracted services for the swimming pool operation and maintenance.

**Maint. – Pool Maintenance** – Miscellaneous pool maintenance not covered by contract.

### **Reserves**

**Reserve Earned Interest-** Interest projected from investment bearing CD's and Reserve cash accounts.

**Replacement Reserves** – Funds set aside for repair/replacement of major structures not included in the operating expenses. The most recent reserve study was completed in 2009 and determined the appropriate level of funding to be \$7836.00. A copy of the Reserve Study is available to all owners. If you would like to receive a copy, please contact Management's office.

**Operating Reserve Draw-** Funds used from operating reserve for unforeseen/emergency issues and projects. This is a draw and funds will be repaid to operating reserve account.

**General Operating Reserve-** Funds set aside for operating expenditures beyond those anticipated in the daily operating budget and to cover any monthly operating account shortfalls.

**FINANCIAL STATEMENTS - WILLIAMSBURG BLUFFS COA INC**  
 Budget Comparison Statement  
 For the Period Ended December 31, 2013

| Title                       | Monthly Budget | Monthly Actual | Current Variance | YTD Budget   | YTD Actual   | YTD Variance  | Annual Budget |
|-----------------------------|----------------|----------------|------------------|--------------|--------------|---------------|---------------|
| INCOME-ASSOCIATION FEES     | \$ 4,939.71    | \$ 8,106.00    | \$ 3,166.29      | \$ 59,276.60 | \$ 59,178.00 | \$ (98.60)    | \$ 59,276.60  |
| INCOME-ADV ASSOC FEES       | 0              | (78.00)        | (78.00)          | 0            | 1,499.67     | 1,499.67      | 0             |
| RESALE PACKAGE INCOME       | 0              | 0              | 0                | 0            | 250.00       | 250.00        | 0             |
| OTHER MISC INCOME           | 0              | 0              | 0                | 0            | 130.19       | 130.19        | 0             |
| INTEREST INCOME             | 41.66          | 147.84         | 106.18           | 500.00       | 260.28       | (239.72)      | 500.00        |
| LATE FEES INCOME            | 41.66          | 83.67          | 42.01            | 500.00       | 610.00       | 110.00        | 500.00        |
| NSF FEE INCOME              | 0              | 30.00          | 30.00            | 0            | 60.00        | 60.00         | 0             |
| COURT COSTS-COLLECTNS INC   | 16.66          | 0              | (16.66)          | 200.00       | 0            | (200.00)      | 200.00        |
| TOTAL INCOME                | \$ 5,039.69    | \$ 8,289.51    | \$ 3,249.82      | \$ 60,476.60 | \$ 61,988.14 | \$ 1,511.54   | \$ 60,476.60  |
| AUDITING EXPENSES           | 27.09          | 0              | 27.09            | 325.00       | 325.00       | 0             | 325.00        |
| SOCIAL COMMITTEE            | 33.34          | 0              | 33.34            | 400.00       | 424.63       | (24.63)       | 400.00        |
| BANK SERVICE CHARGE         | 13.75          | 5.85           | 7.90             | 165.00       | 92.40        | 72.60         | 165.00        |
| LEGAL EXPENSES              | 187.30         | 2,748.00       | (2,560.70)       | 2,247.60     | 2,848.00     | (600.40)      | 2,247.60      |
| PROPERTY INSURANCE          | 190.34         | 0              | 190.34           | 2,284.00     | 2,309.00     | (25.00)       | 2,284.00      |
| CORPORATE FEES              | 12.91          | 109.53         | (96.62)          | 155.00       | 134.53       | 20.47         | 155.00        |
| MANAGEMENT FEE              | 1,170.00       | 1,179.00       | (9.00)           | 14,040.00    | 14,148.00    | (108.00)      | 14,040.00     |
| MISC EXP/GENERAL & ADMIN    | 10.41          | 75.00          | (64.59)          | 125.00       | 414.29       | (289.29)      | 125.00        |
| OFFICE EXP/PRINTING         | 83.34          | 56.99          | 26.35            | 1,000.00     | 1,183.46     | (183.46)      | 1,000.00      |
| NEWSLETTER EXPENSE          | 8.34           | 0              | 8.34             | 100.00       | 608.68       | (508.68)      | 100.00        |
| COUPON BOOKS                | 41.66          | 298.40         | (256.74)         | 500.00       | 629.60       | (129.60)      | 500.00        |
| POSTAGE                     | 41.66          | 68.62          | (26.96)          | 500.00       | 462.52       | 37.48         | 500.00        |
| RESALE PACKAGE RMB          | 0              | 0              | 0                | 0            | 500.00       | (500.00)      | 0             |
| TAXES-STATE                 | 2.09           | 0              | 2.09             | 25.00        | 0            | 25.00         | 25.00         |
| TAXES-CORPORATE             | 8.34           | 0              | 8.34             | 100.00       | 0            | 100.00        | 100.00        |
| TELEPHONE (CLUBHSE/POOL)    | 25.00          | 31.80          | (6.80)           | 300.00       | 377.57       | (77.57)       | 300.00        |
| TOTAL GEN. & ADM. EXPENSE   | \$ 1,855.57    | \$ 4,573.19    | \$ (2,717.62)    | \$ 22,266.60 | \$ 24,457.68 | \$ (2,191.08) | \$ 22,266.60  |
| UTILITIES-WATER/SEWER       | 208.34         | 1,789.70       | (1,581.36)       | 2,500.00     | 5,136.82     | (2,636.82)    | 2,500.00      |
| UTILITIES-ELECTRIC          | 266.66         | 309.07         | (42.41)          | 3,200.00     | 3,029.70     | 170.30        | 3,200.00      |
| TOTAL UTILITIES             | \$ 475.00      | \$ 2,098.77    | \$ (1,623.77)    | \$ 5,700.00  | \$ 8,166.52  | \$ (2,466.52) | \$ 5,700.00   |
| MAINT.-LAWN CONTRACT        | 566.66         | 700.00         | (133.34)         | 6,800.00     | 5,430.00     | 1,370.00      | 6,800.00      |
| MAINT.-LANDSCAPING EXTRAS/T | 250.00         | 170.00         | 80.00            | 3,000.00     | 2,243.80     | 756.20        | 3,000.00      |
| MAINT.-SIGNS                | 33.34          | 0              | 33.34            | 400.00       | 125.66       | 274.34        | 400.00        |
| MAINT.-BLDG/FENCE/GRNDS     | 220.00         | 163.35         | 56.65            | 2,640.00     | 3,045.89     | (405.89)      | 2,640.00      |

**FINANCIAL STATEMENTS - WILLIAMSBURG BLUFFS COA INC**  
 Budget Comparison Statement  
 For the Period Ended December 31, 2013

| Title                     | Monthly Budget | Monthly Actual | Current Variance | YTD Budget   | YTD Actual    | YTD Variance  | Annual Budget |
|---------------------------|----------------|----------------|------------------|--------------|---------------|---------------|---------------|
| MAINT.-POOL SUPPLIES      | \$ 291.66      | \$ 0           | \$ 291.66        | \$ 3,500.00  | \$ 1,646.85   | \$ 1,853.15   | \$ 3,500.00   |
| MAINT.-SWIMMING POOL      | 416.66         | 0              | 416.66           | 5,000.00     | 4,058.50      | 941.50        | 5,000.00      |
| MAINT.-POOL MAINT         | 116.66         | 0              | 116.66           | 1,400.00     | 801.45        | 598.55        | 1,400.00      |
| TOTAL MAINTENANCE         | \$ 1,894.98    | \$ 1,033.35    | \$ 861.63        | \$ 22,740.00 | \$ 17,352.15  | \$ 5,387.85   | \$ 22,740.00  |
| RESERVES-EARNED INTEREST  | 0              | 150.83         | (150.83)         | 0            | 260.28        | (260.28)      | 0             |
| REPLACEMENT RESERVE       | 658.34         | 658.36         | (.02)            | 7,900.00     | 7,899.99      | .01           | 7,900.00      |
| TOTAL REPLACEMENT RESERVE | \$ 658.34      | \$ 809.19      | \$ (150.85)      | \$ 7,900.00  | \$ 8,160.27   | \$ (260.27)   | \$ 7,900.00   |
| OPERATING RESERVE DRAW    | (260.84)       | 0              | (260.84)         | (3,130.00)   | 0             | (3,130.00)    | (3,130.00)    |
| GENERAL OPERATING RESERVE | 416.66         | 416.67         | (.01)            | 5,000.00     | 5,000.04      | (.04)         | 5,000.00      |
| TOTAL CAPITAL/OPER RESVRS | \$ 155.82      | \$ 416.67      | \$ (260.85)      | \$ 1,870.00  | \$ 5,000.04   | \$ (3,130.04) | \$ 1,870.00   |
| TOTAL EXPENSES/RESERVES   | \$ 5,039.71    | \$ 8,931.17    | \$ (3,891.46)    | \$ 60,476.60 | \$ 63,136.66  | \$ (2,660.06) | \$ 60,476.60  |
| NET INCOME                | \$ (1.02)      | \$ (641.66)    | \$ (641.64)      | \$ 0         | \$ (1,148.52) | \$ (1,148.52) | \$ 0          |



FINANCIAL STATEMENTS - WILLIAMSBURG BLUFFS COA INC

Balance Sheet  
December 31, 2013

Assets

|                         |                            |                     |
|-------------------------|----------------------------|---------------------|
| <u>CURRENT ASSETS</u>   |                            |                     |
| 538-1010.0000           | CASH-OPERATING/TOWNE       | \$ 2,720.66         |
| 538-1102.0000           | CASH-OP RESERVE/TOWNE      | 10,640.51           |
| 538-1103.0000           | CASH-REP RESERVE/TOWNE     | 20,894.17           |
| 538-1110.0000           | CASH-CD/RR/GATEWAY#482358  | 8,466.05            |
| 538-1111.0000           | CASH-CD/RR/MONARCH#483270  | 8,595.64            |
| 538-1116.0000           | CASH-CD/OR/MONARCH/483288  | 2,148.95            |
| 538-1118.0000           | CASH/CD/RR/FULTON/55403    | 10,235.72           |
| 538-1119.0000           | CASH-CD/RR/BKLANTEC/223877 | 10,125.39           |
| 538-1120.0000           | CASH-CD/RR/TOWNE/622051768 | 10,133.52           |
| 538-1123.0000           | CASH-CD/OR/BHR/728175      | 2,156.86            |
| TOTAL CURRENT ASSETS    |                            | \$ 86,117.47        |
| <u>LONG TERM ASSETS</u> |                            |                     |
| TOTAL ASSETS            |                            | <u>\$ 86,117.47</u> |

Liabilities and Equity

|                              |                           |                |
|------------------------------|---------------------------|----------------|
| <u>CURRENT LIABILITIES</u>   |                           |                |
| <u>LONG TERM LIABILITIES</u> |                           |                |
| TOTAL LIABILITIES            |                           |                |
| <u>CAPITAL &amp; EQUITY</u>  |                           |                |
| 538-3200.0000                | ACCUM OPERATING RESERVE   | \$ (18,904.67) |
| 538-3300.0000                | ACCUM REPLACEMENT RESERVE | (72,672.49)    |
| 538-3400.0000                | REPL RESERVES Y-T-D EXPS  | 4,222.00       |
| 538-3450.0000                | OPER RESERVES Y-T-D EXPS  | 3,958.35       |
| 538-3498.0000                | RETAINED EARNINGS         | (3,869.18)     |
| TOTAL EQUITY                 | CURRENT EARNINGS          | 1,148.52       |
| TOTAL LIABILITIES & EQUITY   |                           | \$ (86,117.47) |

January 14, 2014 9:32 am

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**FINANCIAL STATEMENTS - WILLIAMSBURG BLUFFS COA INC**

Balance Sheet  
March 31, 2014

Assets

|                         |                            |                     |
|-------------------------|----------------------------|---------------------|
| <u>CURRENT ASSETS</u>   |                            |                     |
| 538-1010.0000           | CASH-OPERATING/TOWNE       | \$ 8,944.44         |
| 538-1102.0000           | CASH-OP RESERVE/TOWNE      | 11,891.87           |
| 538-1103.0000           | CASH-REP RESERVE/TOWNE     | 4,494.90            |
| 538-1110.0000           | CASH-CD/RR/GATEWAY#482358  | 8,466.05            |
| 538-1111.0000           | CASH-CD/RR/MONARCH#483270  | 8,595.64            |
| 538-1116.0000           | CASH-CD/OR/MONARCH/483288  | 2,148.95            |
| 538-1118.0000           | CASH/CD/RR/FULTON/55403    | 10,235.72           |
| 538-1119.0000           | CASH-CD/RR/BKLANTEC/223877 | 10,125.39           |
| 538-1120.0000           | CASH-CD/RR/TOWNE/622051768 | 10,133.52           |
| 538-1123.0000           | CASH-CD/OR/BHR/728175      | 2,156.86            |
| TOTAL CURRENT ASSETS    |                            | <u>\$ 77,193.34</u> |
| <u>LONG TERM ASSETS</u> |                            |                     |
| TOTAL ASSETS            |                            | <u>\$ 77,193.34</u> |

Liabilities and Equity

|                              |                           |                       |
|------------------------------|---------------------------|-----------------------|
| <u>CURRENT LIABILITIES</u>   |                           |                       |
| <u>LONG TERM LIABILITIES</u> |                           |                       |
| TOTAL LIABILITIES            |                           |                       |
| <u>CAPITAL &amp; EQUITY</u>  |                           |                       |
| 538-3200.0000                | ACCUM OPERATING RESERVE   | \$ (16,196.33)        |
| 538-3300.0000                | ACCUM REPLACEMENT RESERVE | (70,425.48)           |
| 538-3400.0000                | REPL RESERVES Y-T-D EXPS  | 18,375.00             |
| 538-3498.0000                | RETAINED EARNINGS         | (2,720.66)            |
| TOTAL EQUITY                 | CURRENT EARNINGS          | (6,225.87)            |
| TOTAL LIABILITIES & EQUITY   |                           | <u>\$ (77,193.34)</u> |

April 10, 2014 8:44 am

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**FINANCIAL STATEMENTS - WILLIAMSBURG BLUFFS COA INC**

Budget Comparison Statement  
For the Period Ended March 31, 2014

| Title                       | Monthly Budget | Monthly Actual | Current Variance | YTD Budget   | YTD Actual   | YTD Variance | Annual Budget |
|-----------------------------|----------------|----------------|------------------|--------------|--------------|--------------|---------------|
| INCOME-ASSOCIATION FEES     | \$ 4,939.71    | \$ 6,254.01    | \$ 1,314.30      | \$ 14,819.15 | \$ 16,884.01 | \$ 2,064.86  | \$ 59,276.60  |
| INCOME-ADV ASSOC FEES       | 0              | (76.00)        | (76.00)          | 0            | (208.00)     | (208.00)     | 0             |
| INTEREST INCOME             | 41.66          | .49            | (41.17)          | 125.00       | 2.09         | (122.91)     | 500.00        |
| LATE FEES INCOME            | 41.66          | 50.00          | 8.34             | 125.00       | 104.00       | (21.00)      | 500.00        |
| COURT COSTS-COLLECTNS INC   | 16.66          | 0              | (16.66)          | 50.00        | 0            | (50.00)      | 200.00        |
| TOTAL INCOME                | \$ 5,039.69    | \$ 6,228.50    | \$ 1,188.81      | \$ 15,119.15 | \$ 16,782.10 | \$ 1,662.95  | \$ 60,476.60  |
| AUDITING EXPENSES           | 27.09          | 0              | 27.09            | 81.25        | 0            | 81.25        | 325.00        |
| SOCIAL COMMITTEE            | 16.66          | 0              | 16.66            | 50.00        | 13.76        | 36.24        | 200.00        |
| BANK SERVICE CHARGE         | 8.34           | 7.20           | 1.14             | 25.00        | 23.55        | 1.45         | 100.00        |
| LEGAL EXPENSES              | 100.00         | 55.00          | 45.00            | 300.00       | 55.00        | 245.00       | 1,200.00      |
| PROPERTY INSURANCE          | 177.75         | 0              | 177.75           | 533.25       | 577.00       | (43.75)      | 2,133.00      |
| CORPORATE FEES              | 12.91          | 0              | 12.91            | 38.75        | 25.00        | 13.75        | 155.00        |
| MANAGEMENT FEE              | 1,170.00       | 1,179.00       | (9.00)           | 3,510.00     | 3,537.00     | (27.00)      | 14,040.00     |
| MISC EXP/GENERAL & ADMIN    | 10.41          | 0              | 10.41            | 31.25        | 0            | 31.25        | 125.00        |
| OFFICE EXP/PRINTING         | 66.66          | 174.20         | (107.54)         | 200.00       | 302.80       | (102.80)     | 800.00        |
| NEWSLETTER EXPENSE          | 41.66          | 152.24         | (110.58)         | 125.00       | 304.48       | (179.48)     | 500.00        |
| COUPON BOOKS                | 24.91          | 24.15          | .76              | 74.75        | 89.20        | (14.45)      | 299.00        |
| POSTAGE                     | 41.66          | 6.91           | 34.75            | 125.00       | 25.49        | 99.51        | 500.00        |
| PROFESSIONAL FEES           | 166.66         | 0              | 166.66           | 500.00       | 0            | 500.00       | 2,000.00      |
| TAXES-STATE                 | 2.09           | 0              | 2.09             | 6.25         | 0            | 6.25         | 25.00         |
| TAXES-CORPORATE             | 8.34           | 0              | 8.34             | 25.00        | 0            | 25.00        | 100.00        |
| TELEPHONE (CLUBHSE/POOL)    | 25.00          | 35.95          | (10.95)          | 75.00        | 101.66       | (26.66)      | 300.00        |
| TOTAL GEN. & ADM. EXPENSE   | \$ 1,900.14    | \$ 1,634.65    | \$ 265.49        | \$ 5,700.50  | \$ 5,054.94  | \$ 645.56    | \$ 22,802.00  |
| UTILITIES-WATER/SEWER       | 208.34         | 21.50          | 186.84           | 625.00       | 668.06       | (43.06)      | 2,500.00      |
| UTILITIES-ELECTRIC          | 233.34         | 339.92         | (106.58)         | 700.00       | 1,058.23     | (358.23)     | 2,800.00      |
| TOTAL UTILITIES             | \$ 441.68      | \$ 361.42      | \$ 80.26         | \$ 1,325.00  | \$ 1,726.29  | \$ (401.29)  | \$ 5,300.00   |
| MAINT.-LAWN CONTRACT        | 566.66         | 0              | 566.66           | 1,700.00     | 0            | 1,700.00     | 6,800.00      |
| MAINT.-LANDSCAPING EXTRAS/T | 175.39         | 0              | 175.39           | 526.15       | 0            | 526.15       | 2,104.60      |
| MAINT.-SIGNS                | 16.66          | 0              | 16.66            | 50.00        | 0            | 50.00        | 200.00        |
| MAINT.-BLDG/FENCE/GRNDS     | 166.66         | 0              | 166.66           | 500.00       | 0            | 500.00       | 2,000.00      |
| MAINT.-POOL SUPPLIES        | 266.66         | 0              | 266.66           | 800.00       | 0            | 800.00       | 3,200.00      |
| MAINT.-SWIMMING POOL        | 533.34         | 0              | 533.34           | 1,600.00     | 550.00       | 1,050.00     | 6,400.00      |
| MAINT.-POOL MAINT           | 116.66         | 0              | 116.66           | 350.00       | 0            | 350.00       | 1,400.00      |

April 10, 2014 8:44 am

Confidential: For Internal Use Only

**FINANCIAL STATEMENTS - WILLIAMSBURG BLUFFS COA INC**

Budget Comparison Statement

For the Period Ended March 31, 2014

| Title                     | Monthly Budget | Monthly Actual | Current Variance | YTD Budget   | YTD Actual   | YTD Variance | Annual Budget |
|---------------------------|----------------|----------------|------------------|--------------|--------------|--------------|---------------|
| TOTAL MAINTENANCE         | \$ 1,842.03    | 0              | \$ 1,842.03      | \$ 5,526.15  | \$ 550.00    | \$ 4,976.15  | \$ 22,104.60  |
| RESERVES-EARNED INTEREST  | 41.66          | 0              | 41.66            | 125.00       | 0            | 125.00       | 500.00        |
| REPLACEMENT RESERVE       | 658.34         | 658.33         | .01              | 1,975.00     | 1,974.99     | .01          | 7,900.00      |
| TOTAL REPLACEMENT RESERVE | \$ 700.00      | \$ 658.33      | \$ 41.67         | \$ 2,100.00  | \$ 1,974.99  | \$ 125.01    | \$ 8,400.00   |
| OPERATING RESERVE DRAW    | (260.84)       | 0              | (260.84)         | (782.50)     | 0            | (782.50)     | (3,130.00)    |
| GENERAL OPERATING RESERVE | 416.66         | 416.67         | (.01)            | 1,250.00     | 1,250.01     | (.01)        | 5,000.00      |
| TOTAL CAPITAL/OPER RESVRS | \$ 155.82      | \$ 416.67      | \$ (260.85)      | \$ 467.50    | \$ 1,250.01  | \$ (782.51)  | \$ 1,870.00   |
| TOTAL EXPENSES/RESERVES   | \$ 5,039.67    | \$ 3,071.07    | \$ 1,968.60      | \$ 15,119.15 | \$ 10,556.23 | \$ 4,562.92  | \$ 60,476.60  |
| NET INCOME                | \$ .02         | \$ 3,157.43    | \$ 3,157.41      | \$ 0         | \$ 6,225.87  | \$ 6,225.87  | \$ 0          |

*Insurance Information*

# Commercial Insurance Policy



THE  
CINCINNATI INSURANCE COMPANY  
P.O. BOX 145496, CINCINNATI, OHIO 45250-5496

*Making our strength your future*

**This policy consists of:**

- **Common Policy Declarations**
- **Common Policy Conditions**
- **Summary of Premiums**
- **One or More Coverage Parts**

**Each coverage part consists of:**

- **One or More Coverage Forms**
- **Conditions Applicable to Each Coverage Part**
- **Applicable Endorsements**

# THE CINCINNATI INSURANCE COMPANY

P.O. BOX 145496, CINCINNATI, OHIO 45250-5496  
513-870-2000

CPP 086 51 69

A Stock Insurance Company

Previous Policy No.

## COMMON POLICY DECLARATIONS

RENEWAL

| DECLARATIONS                                                                                                                                                | POLICY NUMBER |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| <b>CPP 086 51 69</b>                                                                                                                                        |               |
| <b>NAMED INSURED WILLIAMSBURG BLUFFS COMMUNITY</b>                                                                                                          |               |
| <b>ADDRESS 312 LIGHTFOOT ROAD SUITE A</b><br>(Number & Street, <b>WILLIAMSBURG VA 23188</b><br>Town, County,<br>State & Zip No.)                            |               |
| <b>Policy Period:</b> At 12:01 A.M., STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE                                                                      |               |
| <b>All coverages except Automobile and / or Garage</b><br>Policy number: <b>CPP 086 51 69</b> FROM: <b>08-14-2011</b> TO: <b>08-14-2014</b>                 |               |
| <b>Automobile and / or Garage</b><br>Policy number: FROM: TO:                                                                                               |               |
| Agency <b>TOWNE INSURANCE AGENCY INC. 45-088</b><br>City <b>CHESAPEAKE VA</b>                                                                               |               |
| <b>Legal Entity / Business Description</b><br><b>CORPORATION</b>                                                                                            |               |
| IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY. |               |
| FORMS APPLICABLE TO ALL COVERAGE PARTS: (show numbers)                                                                                                      |               |
| IA4330 03/08 IA102 09/08 IA904 04/04 IL0022 05/87                                                                                                           |               |
| IA4160VA 05/98 AP403VA 01/98 IA4071VA 07/09 IA4268VA 06/05                                                                                                  |               |
| IL0044 06/90 IP413VA 07/93 IA4236 01/08 IA4264VA 09/09                                                                                                      |               |
| IA4265VA 01/08 IA4338 01/09 IP446 08/01 FM501 08/06                                                                                                         |               |
| GA501 10/01 PA510 08/07                                                                                                                                     |               |

SH7 JBZ  
08-24-2011

Countersigned \_\_\_\_\_ (Date) By \_\_\_\_\_ (Authorized Representative)

ORIGINAL



# COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

## A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for non-payment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. The refund will be pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

## B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

## C. Examination of Your Books and Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

## D. Inspections and Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. Are safe or healthful; or

- b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

## E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

## F. Transfer of Your Rights and Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

# FORMS AND ENDORSEMENTS SCHEDULE AT INCEPTION OF POLICY

POLICY NUMBER CPP 086 51 69 EFFECTIVE DATE 08-14-2011

NAMED INSURED WILLIAMSBURG BLUFFS COMMUNITY

## FORMS AND ENDORSEMENTS APPLICABLE AT INCEPTION OF POLICY

|          |       |                                                                  |
|----------|-------|------------------------------------------------------------------|
| IA501    | 05/09 | COMMON POLICY DECLARATIONS                                       |
| IA4330   | 03/08 | FORMS AND ENDORSEMENTS SCHEDULE AT INCEPTION OF POLICY           |
| IA102    | 09/08 | SUMMARY OF PREMIUMS CHARGED                                      |
| IA904    | 04/04 | SCHEDULE OF LOCATIONS                                            |
| IL0022   | 05/87 | EFFECTIVE TIME CHANGES--REPLACEMENT OF 12 NOON                   |
| IA4160VA | 05/98 | ORDINANCE OR LAW COVERAGE OPTION SELECTION FORM                  |
| AP403VA  | 01/98 | IMPORTANT INFORMATION TO POLICYHOLDERS - VIRGINIA                |
| IA4071VA | 07/09 | VIRGINIA CHANGES                                                 |
| IA4268VA | 06/05 | VIRGINIA NOTICE TO POLICY HOLDERS OF CLAIMS-MADE COVERAGE PARTS  |
| IL0044   | 06/90 | VIRGINIA CHANGES - POLICY PERIOD                                 |
| IP413VA  | 07/93 | NOTICE: ADDITIONAL COVERAGE AVAILABLE                            |
| IA4236   | 01/08 | POLICYHOLDER NOTICE TERRORISM INSURANCE COVERAGE                 |
| IA4264VA | 09/09 | VIRGINIA - LIABILITY CAP ON LOSSES FROM CERTIFIED ACTS OF        |
| IA4265VA | 01/08 | VIRGINIA PROPERTY AND INLAND MARINE CAP ON LOSSES FROM CERTIFIED |
| IA4338   | 01/09 | SIGNATURE ENDORSEMENT                                            |
| IP446    | 08/01 | NOTICE TO POLICYHOLDERS                                          |
|          |       |                                                                  |
| FM501    | 08/06 | COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS                   |
| FA450    | 11/04 | COMMERCIAL PROPERTY CONDITIONS                                   |
| FM101    | 04/04 | BUILDING AND PERSONAL PROPERTY COVERAGE FORM (INCLUDING SPECIAL  |
| FA4042   | 11/07 | PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT                    |
| FA4028VA | 04/04 | VIRGINIA CHANGES - NUCLEAR HAZARD EXCLUSION                      |
| FA4006VA | 04/04 | NOTICE TO POLICYHOLDERS FLOOD INSURANCE NOTICE                   |
| FA244    | 04/04 | EQUIPMENT BREAKDOWN COVERAGE (EXCLUDING PRODUCTION EQUIPMENT)    |
|          |       |                                                                  |
| GA501    | 10/01 | COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS          |
| GA101    | 12/04 | COMMERCIAL GENERAL LIABILITY COVERAGE FORM                       |
| GA4256VA | 11/07 | VIRGINIA CHANGES - COMMERCIAL GENERAL LIABILITY                  |
| GA207    | 12/04 | HIRED AUTO AND NON-OWNED AUTO LIABILITY                          |
| GA4250   | 11/05 | MOBILE EQUIPMENT SUBJECT TO MOTOR VEHICLE INSURANCE LAWS         |
| GA479    | 03/96 | ADDITIONAL INSURED - ASSOCIATIONS                                |
| GA4079   | 10/01 | ADDITIONAL INSURED - MANAGERS OR LESSORS OF PREMISES             |
| GA478    | 12/04 | BODILY INJURY EXCEPTIONS TO POLLUTANT EXCLUSION                  |

This is a schedule of the forms and endorsements found in this policy on its inception date. The schedule is not updated during the policy term to reflect additions to or deletions from this schedule. No coverage is provided by this schedule. It does not replace any provision of your policy. You should read your policy and review your declarations page(s) and any subsequent endorsements carefully for complete information on the coverage that you are provided. If there is any conflict between the policy and this schedule, the provisions of the policy shall prevail.

IA 4330 03 08

# FORMS AND ENDORSEMENTS SCHEDULE AT INCEPTION OF POLICY

POLICY NUMBER CPP 086 51 69 EFFECTIVE DATE 08-14-2011

NAMED INSURED WILLIAMSBURG BLUFFS COMMUNITY

## FORMS AND ENDORSEMENTS APPLICABLE AT INCEPTION OF POLICY

|        |       |                                                                   |
|--------|-------|-------------------------------------------------------------------|
| PA510  | 08/07 | CONDOMINIUM OR HOMEOWNERS ASSOCIATIONS WRONGFUL ACTS DECLARATIONS |
| PA110  | 08/07 | CONDOMINIUM OR HOMEOWNERS ASSOCIATIONS WRONGFUL ACTS COVERAGE     |
| PA406  | 07/87 | POLICY CHANGES--CANCELLATION AND NONRENEWAL                       |
| PA408  | 07/88 | POLICY CHANGES--AMENDATORY ENDORSEMENT                            |
| PA4071 | 08/07 | NOTICE TO POLICYHOLDERS                                           |

This is a schedule of the forms and endorsements found in this policy on its inception date. The schedule is not updated during the policy term to reflect additions to or deletions from this schedule. No coverage is provided by this schedule. It does not replace any provision of your policy. You should read your policy and review your declarations page(s) and any subsequent endorsements carefully for complete information on the coverage that you are provided. If there is any conflict between the policy and this schedule, the provisions of the policy shall prevail.

## SUMMARY OF PREMIUMS CHARGED

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE  
 PARTS FOR WHICH A PREMIUM CHARGE IS INDICATED

|                                                            |    |       |
|------------------------------------------------------------|----|-------|
| Commercial Property Coverage Part <u>W/EBC</u>             | \$ | 790   |
| Commercial General Liability Coverage Part _____           | \$ | 946   |
| Commercial Umbrella / Excess Liability Coverage Part _____ | \$ |       |
| <b>HOMEOWNERS ASSOCIATIONS WRONGFUL ACTS</b>               | \$ | 528   |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| _____                                                      | \$ |       |
| Installment Charge _____                                   | \$ | 20    |
| Sub-Total                                                  | \$ | 2,284 |
|                                                            |    |       |
| Commercial Auto Coverage Part _____                        | \$ |       |
| Auto Installment Charge _____                              | \$ |       |
| Terrorism Coverage _____                                   | \$ | 25    |
| Annual Total                                               | \$ | 2,309 |

**PAYMENTS**

|                  | All Other            | + | Auto                 | =   | Total Installment    |                          |
|------------------|----------------------|---|----------------------|-----|----------------------|--------------------------|
|                  | First<br>Installment |   | First<br>Installment |     | First<br>Installment | Remaining<br>Installment |
| <b>QUARTERLY</b> | \$ 577               |   | \$ 577               | +\$ | \$                   | = \$ 577                 |
|                  |                      |   |                      |     |                      | \$ 577                   |

Automobile Coverages, Employers Liability, Employment Practices Liability Coverage, Professional Liability Coverage, Terrorism Coverage and / or Wrongful Acts Coverage, if included in the policy, are subject to Annual Adjustment of rates and premium on each anniversary of the policy.

Commercial Umbrella and Excess Liability, if included in the policy, may be subject to Annual Adjustment of premium on each anniversary. Refer to the Commercial Umbrella or Excess Liability Coverage Part Declarations form to see if this is applicable.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## SCHEDULE OF LOCATIONS

| <u>LOC.</u> | <u>STREET ADDRESS</u>                 | <u>CITY</u> | <u>STATE</u> | <u>ZIP CODE</u> |
|-------------|---------------------------------------|-------------|--------------|-----------------|
| 1           | 707 PARCHMENT BLVD<br>WILLIAMSBURG VA |             |              | 23185           |

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**  
**EFFECTIVE TIME CHANGES--REPLACEMENT OF 12 NOON**

This endorsement modifies the COMMON POLICY DECLARATIONS.

To the extent that coverage in this policy replaces coverage in other policies terminating noon standard time on the inception date of this policy, coverage under this policy shall not become effective until such other coverage has terminated.

## IMPORTANT INFORMATION TO POLICYHOLDERS Virginia

"In the event you need to contact someone about this insurance for any reason please contact your agent. If no agent was involved in the sale of this insurance, or if you have additional questions you may contact the insurance company issuing this insurance at the following address and telephone number:

The Cincinnati Insurance Company  
P.O. Box 145496  
Cincinnati, Ohio 45250-5496  
Telephone (513) 870-2000

The Cincinnati Life Insurance Company  
P.O. Box 145496  
Cincinnati, Ohio 45250-5496  
Telephone (513) 870-2000

The Cincinnati Casualty Company  
P.O. Box 145496  
Cincinnati, Ohio 45250-5496  
Telephone (513) 870-2000

The Cincinnati Indemnity Company  
P.O. Box 145496  
Cincinnati, Ohio 45250-5496  
Telephone (513) 870-2000

If you have been unable to contact or obtain satisfaction from the company or agent, you may contact the Virginia State Corporation Commissions Bureau of Insurance at:

Life and Health  
Division  
Bureau of Insurance  
P.O. Box 1157  
Richmond, VA. 23218  
Telephone: 804-371-9691  
Fax: 804-371-9944

OR

Property and Casualty  
Division  
Bureau of Insurance  
P.O. Box 1157  
Richmond, VA. 23218  
Telephone: 804-371-9185  
Fax: 804-371-9396

In state toll-free calls 1-800-552-7945

Written correspondence is preferable so that a record of your inquiry is maintained. When contacting your agent, company or the Bureau of Insurance, have your policy number available."

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **VIRGINIA CHANGES**

This endorsement modifies insurance provided under the following when written as part of a Commercial Package Policy containing liability coverage:

**MACHINERY AND EQUIPMENT COVERAGE PART  
CLAIMS-MADE CONTRACTORS ERRORS AND OMISSIONS COVERAGE PART  
CLAIMS-MADE EXCESS LIABILITY COVERAGE PART  
COMMERCIAL CRIME COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
COMMERCIAL UMBRELLA LIABILITY COVERAGE PART  
CONTRACTORS' LIMITED POLLUTION LIABILITY COVERAGE PART  
EMPLOYEE BENEFIT LIABILITY COVERAGE PART  
EMPLOYMENT PRACTICES LIABILITY COVERAGE PART  
EXCESS LIABILITY COVERAGE PART  
FARM COVERAGE PART  
GOLF COURSE CHEMICAL APPLICATION LIMITED LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS / COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PROFESSIONAL UMBRELLA LIABILITY COVERAGE PART  
PROFESSIONAL UMBRELLA LIABILITY COVERAGE PART - CLAIMS-MADE**

- A.** Paragraphs 1., 2., 3. and 5. of the **Cancellation** Common Policy Condition are replaced by the following:
1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us the insured's policy or advance written notice of cancellation.
  2. We may cancel this policy by mailing or delivering to you written notice of cancellation, stating the reason for cancellation, at least:
    - a. 15 days before the effective date of cancellation if we cancel for non-payment of premium; or
    - b. 45 days before the effective date of cancellation if we cancel for any other reason.
  3. We will mail or deliver written notice to your last mailing address known to us. If notice is mailed, it will be sent by ordinary mail for which a Certificate of Mailing has been obtained, or by registered or certified mail.
  5.
    - a. If either we or the first Named Insured cancel, the refund will be pro rata. The cancellation will be effective even if we have not made or offered a refund.
    - b. We will send any premium refund to the first Named Insured.
- B.** The following is added to the **Cancellation** Common Policy Condition with respect to the **FARM PROPERTY COVERAGE FORM**:
- If the **FARM PROPERTY COVERAGE FORM** covers an owner-occupied dwelling and is a renewal with us (or if not a renewal, has been in effect for 90 days or more), we may cancel such Coverage Form only for one or more of the following reasons:
1. Failure to pay the premium when due;
  2. Conviction of a crime arising out of acts increasing the probability that a peril insured against will occur;
  3. Discovery of fraud or material misrepresentation;
  4. Willful or reckless acts or omissions increasing the probability that a peril insured against will occur as determined from a physical inspection of the insured premises; or
  5. Physical changes in the property which result in the property becoming uninsurable as determined from a physical inspection of the insured premises.
- C.** The following is added and supersedes any other provision to the contrary:
- NONRENEWAL**
1. If we elect not to renew this policy, we will mail or deliver a notice of nonrenewal to you stating the reason for nonrenewal, at least:



- a. 15 days before the expiration date if the nonrenewal is due to nonpayment of premium; or
  - b. 45 days before the expiration date if the nonrenewal is for any other reason.
2. We will mail or deliver written notice of nonrenewal to your last mailing address known to us. If notice is mailed, it will be sent by ordinary mail for which a Certificate of Mailing has been obtained, or by registered or certified mail.
3. If this policy covers an owner-occupied dwelling under the **FARM PROPERTY COVERAGE FORM** and is written for a policy period of less than one year, we will not refuse to renew such Coverage Form except as of the expiration date of a policy period which coincides with the end of an annual period commencing with its original effective date.

- D. For insurance provided under the **MACHINERY AND EQUIPMENT, COMMERCIAL INLAND MARINE, COMMERCIAL PROPERTY** or **FARM COVERAGE PART**, the **Appraisal Loss Condition** is replaced by the following:

If we and you disagree on the value of the property or the amount of loss ("loss"), either may make written demand for an appraisal of the loss ("loss"). In this event, each party will select a competent and impartial appraiser. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, the insured or the insurer may apply in writing, for the appointment of an umpire, to the judge of the circuit court of the county or city in which the damaged or destroyed property was located at the time of loss ("loss"). The appraisers will state separately the value of the property and amount of loss ("loss"). If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss ("loss"). Any outcome of the appraisal will not be binding on either party.

Each party will:

- 1. Pay it's own appraiser; and
- 2. Bear the other expenses of the appraisal and umpire equally.

However, if we make written demand for an appraisal of the loss ("loss"), we will reimburse you for the reasonable cost of your chosen

appraiser, and for your portion of the cost of the umpire.

If there is an appraisal, we will still retain our right to deny the claim.

- E. Paragraph a.(1) of the **Duties in the Event of Loss or Damage** Loss Condition does not apply under the Commercial Property Coverage Part.
- F. When insurance is provided under the: **LEGAL LIABILITY COVERAGE FORM** or **MORTGAGE INTEREST COVERAGE FORM**.

The following is added and supersedes any other provisions to the contrary:

If we elect to cancel or not renew this policy; then:

- 1. We will mail or deliver a written notice of such action to you stating the reason, at least:
  - a. 15 days before the effective date of cancellation or the expiration date of this policy for nonpayment of premium; or
  - b. 45 days before the effective date of cancellation or the expiration date of this policy for any other reason.
- 2. We will mail or deliver our notice to your last mailing address known to us. If notice is mailed, it will be sent by ordinary mail for which a Certificate of Mailing has been obtained, or by registered or certified mail; proof of mailing will be sufficient proof of notice.

- G. With respect to the coverage provided under the **LEGAL LIABILITY COVERAGE FORM** and under Coverage C - **MORTGAGE-HOLDER'S LIABILITY** of the **MORTGAGE INTEREST COVERAGE FORM**, the **Newly Acquired Organizations** Coverage Extension is replaced by the following:

#### **NEWLY ACQUIRED ORGANIZATIONS**

- 1. Any organization (other than a partnership, joint venture or limited liability company) that you newly acquire or form is an insured, provided that you maintain ownership of or majority interest in that organization and there is no other similar insurance available to it.
- 2. This Coverage Extension ends:
  - a. 90 days after you acquire or form the organization; or
  - b. At the end of the policy period shown in the Declarations;
 whichever is earlier.

3. Under the **LEGAL LIABILITY COVERAGE FORM**, this Extension does not apply to direct physical loss or damage that occurred before you acquired or formed the organization.

4. Under the **MORTGAGE INTEREST COVERAGE FORM**, this Extension does not apply to errors or accidental omissions that occurred before you acquired or formed the organization.

H. For insurance provided under the **COMMERCIAL PROPERTY COVERAGE PART**, if the Replacement Cost Optional Coverage is shown in the Commercial Property Coverage Part Declarations, the following provision applies and supersedes any provision to the contrary:

You may make an initial claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Replacement Cost Optional Coverage provides if you notify us of your intent to do so within 6 months of the later of the following dates:

1. The last date on which you received a payment for actual cash value; or
2. The date of entry of a final order of a court of competent jurisdiction declaring your right to full replacement cost.

I. In the **FARM PROPERTY COVERAGE FORM, MOBILE AGRICULTURAL MACHINERY and EQUIPMENT COVERAGE FROM and LIVESTOCK COVERAGE FORM**, Paragraph a.(1) of the **Duties in the Event of Loss (or Damage)** Loss Condition is replaced by the following:

(1) Notify the police in the event of theft.

J. Under **Exclusions** in the **FARM PROPERTY COVERAGE FORM, MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM and LIVESTOCK COVERAGE FORM**, the **Intentional Loss** exclusion is replaced by the following:

We do not provide coverage for an "insured" who commits or directs an act with the intent to cause a loss.

K. In the **FARM COVERAGE PART**, the following Loss Conditions pertaining to valuation of property are added and supersede any provisions to the contrary:

1. In the event of loss of or damage to awnings, carpeting, domestic appliances or outdoor equipment, whether or not attached to buildings, we will settle at actual cash value, but will not pay more than the

amount necessary for repair or replacement.

2. If your loss under **COVERAGE A, B, C or G** qualifies for payment on a replacement cost basis, you can make an initial claim for payment on an actual cash value basis, and later make a supplementary claim for replacement cost payment. If you elect to exercise this option, you must notify us of your intention within 6 months of the later of the following dates:

- (a) The last date on which you received a payment for actual cash value; or
- (b) The date of entry of a final order of a court of competent jurisdiction declaring your right to full replacement cost.

L. In the **FARM PROPERTY COVERAGE FROM - Coverage C - Household Personal Property/3. Special Limits of Insurance Under COVERAGE C**:

Paragraphs a. and h. are replaced by the following:

a. \$200 on gold other than goldware or goldplated ware, "money", platinum and silver other than silverware or silverplated ware;

h. In the event of loss by theft:

(1) \$1,500 on furs, jewelry, precious and semiprecious stones, and watches;

(2) \$2,500 on goldware, goldplated ware and pewterware; this property includes platedware, flatware, hollowware, tea sets, trays, trophies and the like; also other utilitarian items made of or containing gold or pewter; and

(3) \$2,500 on firearms.

M. Under Item **B.3. Covered Causes of Loss - Special**, in the **FARM PROPERTY COVERAGE FORM**, Paragraph d. is replaced by the following:

d. The Covered Causes of Loss - Special do not apply to loss of or damage to:

(1) "Livestock";

(2) "Poultry";

(3) Bees;

(4) Fish;

(5) Worms;

(6) Other animals;

(7) Hay, straw or fodder; or

(8) Trees, shrubs, plants or lawns.

N. If this policy covers an owner-occupied dwelling the **FARM PROPERTY COVERAGE FORM**, the following is added to **General Condition 4., Mortgage Holders:**

h. If notice of cancellation or nonrenewal is mailed, it will be sent by ordinary mail for which a Certificate of Mailing has been obtained, or by registered or certified mail.

O. In the **PERSONAL LIABILITY ENDORSEMENT**, the reference to Definition 13. in Paragraph G.2. is replaced by Definition 10.

P. In the **FARM EMPLOYERS LIABILITY** and **FARM EMPLOYERS MEDICAL PAYMENTS INSURANCE ENDORSEMENT**, the reference to Definition 7. in Paragraph 1. under **Section II - Who is an Insured** is replaced by Definition 8.

Q. In the **CONTRACTUAL LIABILITY LIMITATION ENDORSEMENT**, the reference to Definition 8. is replaced by Definition 9.

R. For insurance provided under the following Coverage Parts:

**CLAIMS-MADE EXCESS LIABILITY  
COVERAGE PART  
COMMERCIAL UMBRELLA LIABILITY  
COVERAGE PART  
EXCESS LIABILITY COVERAGE PART  
PROFESSIONAL UMBRELLA LIABILITY  
COVERAGE PART  
PROFESSIONAL UMBRELLA LIABILITY  
COVERAGE PART - CLAIMS-MADE**

Pursuant to section 38.2-2204 of the Virginia Code, a permissive user of a motor vehicle, aircraft or private pleasure watercraft owned or maintained by a named insured is an insured, but only to the extent coverage is provided by **underlying insurance**.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **VIRGINIA CHANGES--POLICY PERIOD**

Coverage under this policy begins at 12:01 A.M. (Standard Time) at the mailing address shown in the Declarations. However, to the extent that this policy replaces coverage in other policies terminating at 12:01 A.M. (Standard Time) on the inception date of this policy at the location of the property involved, coverage under this policy, at each location, becomes effective when such other coverage terminates.

**NOTICE:**  
**ADDITIONAL COVERAGE AVAILABLE**

Coverage can now be added to your policy for increased costs to repair or replace damaged property due to the application of ordinances or laws that regulate construction, repair or demolition.

This additional coverage provides protection when a building damaged by a covered cause of loss must be repaired or rebuilt in a more costly manner because the type of construction used when the building was built does not comply with current building codes. Coverage can also be provided when laws or ordinances require the demolition of damaged buildings, including undamaged portions, prior to rebuilding in compliance with current building codes.

Contact your agent or company representative if you wish to add this coverage, or if you want additional information.

# POLICYHOLDER NOTICE

## TERRORISM INSURANCE COVERAGE

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

Your policy may contain coverage for certain losses caused by terrorism.

### **Premium:**

In accordance with the federal Terrorism Risk Insurance Act, we are required to notify you of the portion of the premium, if any, attributable to the coverage for terrorist acts certified under the Terrorism Risk Insurance Act.

Refer to the SUMMARY OF PREMIUMS CHARGED or DECLARATIONS PAGE for the portion of your premium that is attributable to coverage for terrorist acts certified under the Act.

### **Federal Participation:**

The Act also requires us to provide disclosure of federal participation in payment of terrorism losses.

Under your policy, any losses caused by certified acts of terrorism would be partially reimbursed by the United States Government, Department of Treasury, under a formula established by federal law. Under this formula, the federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

### **Cap on Insurer Participation:**

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

**NOTE: IF YOUR POLICY IS A RENEWAL POLICY, THIS NOTICE IS PROVIDED TO SATISFY THE REQUIREMENTS UNDER THE TERRORISM RISK INSURANCE ACT FOR POLICYHOLDER DISCLOSURE: (1) AT THE TIME OF OUR OFFER TO RENEW THE POLICY AND (2) AT THE TIME THE RENEWAL IS COMPLETED.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## VIRGINIA - LIABILITY CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL UMBRELLA LIABILITY COVERAGE PART  
CONTRACTOR'S ERRORS AND OMISSIONS COVERAGE FORM - CLAIMS-MADE  
CONTRACTORS' LIMITED POLLUTION LIABILITY COVERAGE PART  
CONTRACTORS UMBRELLA LIABILITY COVERAGE PART  
EMPLOYEE BENEFIT LIABILITY COVERAGE PART  
EMPLOYMENT PRACTICES LIABILITY COVERAGE PART  
EXCESS LIABILITY COVERAGE PART  
EXCESS WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
FARM LIABILITY COVERAGE PART  
GOLF COURSE CHEMICAL APPLICATION LIMITED LIABILITY COVERAGE PART  
HOLE-IN-ONE COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS / COMPLETED OPERATIONS LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

- A. The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

- B. **Cap On Losses from Certified Acts of Terrorism**

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk

Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

- C. **Application of Other Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability, omission or absence of a terrorism exclusion, does not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part, Coverage Form, Policy or Endorsement such as losses excluded by:

1. Exclusions that address war, warlike action, insurrection, rebellion, revolution, military action, nuclear hazard, nuclear materials, nuclear reaction, radiation, or radioactive contamination;
2. Exclusions that address pollutants, contamination, deterioration, fungi or bacteria; or
3. Any other exclusion.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **VIRGINIA PROPERTY AND INLAND MARINE CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

**COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL OUTPUT POLICY  
COMMERCIAL PROPERTY COVERAGE PART  
FARM PROPERTY COVERAGE PART  
MACHINERY AND EQUIPMENT COVERAGE PART  
STANDARD PROPERTY COVERAGE PART**

- A.** The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

- B. Cap On Losses from Certified Acts of Terrorism**

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk

Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

- C. Application of Other Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability, omission or absence of a terrorism exclusion, does not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part, Coverage Form, Policy or Endorsement such as losses excluded by:

1. Exclusions that address war, warlike action, insurrection, rebellion, revolution, military action, nuclear hazard, nuclear materials, nuclear reaction, radiation, or radioactive contamination;
2. Exclusions that address pollutants, contamination, deterioration, fungi or bacteria; or
3. Any other exclusion.



**THE CINCINNATI INSURANCE COMPANY  
THE CINCINNATI CASUALTY COMPANY  
THE CINCINNATI INDEMNITY COMPANY**

**NOTICE TO POLICYHOLDERS**

Please be advised that in your application for insurance you disclosed information to The Cincinnati Insurance Company, The Cincinnati Casualty Company and The Cincinnati Indemnity Company. The information disclosed in the application and all information subsequently collected by any of these companies may be shared among all three.

# THE CINCINNATI INSURANCE COMPANY

## COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

Attached to and forming part of POLICY NUMBER: CPP 086 51 69 Effective Date: 08-14-2008

Named Insured: **IS THE SAME AS IT APPEARS ON THE COMMON POLICY DECLARATIONS**

**Loc. (address)**  
**1 598 PARCHMENT BLVD**  
**WILLIAMSBURG VA 23185**

| COVERAGE PROVIDED |                               |        |                  |                             | OPTIONAL COVERAGES<br>Applicable only when an entry is made                   |                                                                                    |                                                                                    |                                                      |                                                                |                                |                          |                              |
|-------------------|-------------------------------|--------|------------------|-----------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------|--------------------------------|--------------------------|------------------------------|
| Item              | Coverage                      | Limits | Coin-<br>surance | Covered<br>Cause<br>of Loss | I<br>N<br>F<br>L<br>A<br>T<br>I<br>O<br>N<br>G<br>U<br>A<br>R<br>D<br><br>(%) | R<br>E<br>P<br>L<br>A<br>C<br>E<br>M<br>E<br>N<br>T<br>C<br>O<br>S<br>T<br><br>(X) | R<br>E<br>P<br>L<br>A<br>C<br>E<br>M<br>E<br>N<br>T<br>C<br>O<br>S<br>T<br><br>(X) | I<br>N<br>C<br>L<br>S<br>T<br>O<br>C<br>K<br><br>(X) | A<br>G<br>R<br>E<br>E<br>D<br>V<br>A<br>L<br>U<br>E<br><br>(X) | Business Income<br>Indemnity   |                          |                              |
|                   |                               |        |                  |                             |                                                                               |                                                                                    |                                                                                    |                                                      |                                                                | Monthly<br>Limit<br>(fraction) | Maximum<br>Period<br>(X) | Extended<br>Period<br>(Days) |
| 1-1               | BUILDING                      | 48,500 | 90%              | SPECIAL                     |                                                                               | X                                                                                  |                                                                                    |                                                      |                                                                |                                |                          |                              |
| 1-1               | BUSINESS PERSONAL<br>PROPERTY | 6,000  | 90%              | SPECIAL                     |                                                                               |                                                                                    | X                                                                                  |                                                      |                                                                |                                |                          |                              |
| 1-2               | PICNIC SHELTER                | 27,500 | 90%              | SPECIAL                     |                                                                               | X                                                                                  |                                                                                    |                                                      |                                                                |                                |                          |                              |

DEDUCTIBLE: \$500.00 unless otherwise stated \$ \_\_\_\_\_

MORTGAGE HOLDER Item:

FORMS AND / OR ENDORSEMENTS APPLICABLE TO THIS COVERAGE PART  
**FA450 11/04 FM101 04/04 FA4042 04/04 FA4028VA 04/04**  
**FA4006VA 04/04 FA244 04/04**

# COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

## A. Concealment, Misrepresentation or Fraud

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

## B. Control of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of "loss", the breach of condition does not exist.

## C. Insurance Under Two or More Coverages

If two or more of this policy's coverages apply to the same "loss", we will not pay more than the actual amount of the "loss".

## D. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical "loss" occurred.

## E. Liberalization

If, within 60 days prior to the beginning of this Coverage Part or during the policy period, we make any changes to any forms or endorsements of this Coverage Part for which there is currently no separate premium charge, and that change provides more coverage than this Coverage Part, the change will be considered as included until the end of the current policy period. We will make no additional premium charge for this additional coverage during the interim.

## F. No Benefit to Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

## G. Other Insurance

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered "loss". Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same "loss", other than that described in 1. above, we will pay only for the amount of covered "loss" in excess of the amount due from that other insurance, whether you can collect on it or not. **However, we will not reimburse any deductible or difference between Actual Cash Value and Replacement Cost valuations. We will not pay more than the applicable Limit of Insurance.**

## H. Policy Period, Coverage Territory

Under this Coverage Part:

1. We cover "loss" commencing:
  - a. During the policy period shown in the Declarations; and
  - b. Within the coverage territory.
2. The coverage territory:
  - a. The United States of America (including its territories and possessions);
  - b. Puerto Rico; and
  - c. Canada.

## I. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after "loss" to im-

# BUILDING AND PERSONAL PROPERTY COVERAGE FORM (INCLUDING SPECIAL CAUSES OF LOSS)

## TABLE OF CONTENTS

|                                                        |    |
|--------------------------------------------------------|----|
| SECTION A. COVERAGE.....                               | 3  |
| 1. Covered Property.....                               | 3  |
| a. Building.....                                       | 3  |
| b. Outdoor Signs.....                                  | 3  |
| c. Outdoor Fences.....                                 | 3  |
| d. Business Personal Property.....                     | 3  |
| 2. Property Not Covered.....                           | 4  |
| a. Accounts, Deeds, Money or Securities.....           | 4  |
| b. Animals.....                                        | 4  |
| c. Automobiles.....                                    | 4  |
| d. Contraband.....                                     | 4  |
| e. Electronic Data.....                                | 4  |
| f. Excavations, Grading & Backfilling.....             | 4  |
| g. Foundations.....                                    | 4  |
| h. Land, Water or Growing Crops.....                   | 4  |
| i. Paved Surfaces.....                                 | 4  |
| j. Property While Airborne or Waterborne.....          | 4  |
| k. Pilings or Piers.....                               | 4  |
| l. Property More Specifically Insured.....             | 4  |
| m. Retaining Walls.....                                | 4  |
| n. Underground Pipes, Flues or Drains.....             | 4  |
| o. Valuable Papers & Records and Cost to Research..... | 4  |
| p. Vehicles or Self-Propelled Machines.....            | 5  |
| q. Property While Outside of Buildings.....            | 5  |
| 3. Covered Causes of Loss.....                         | 5  |
| a. Risks of Direct Physical Loss.....                  | 5  |
| b. Exclusions.....                                     | 5  |
| c. Limitations.....                                    | 10 |
| 4. Additional Coverages.....                           | 11 |
| a. Change in Temperature or Humidity.....              | 11 |
| b. Debris Removal.....                                 | 11 |
| c. Fire Department Service Charge.....                 | 12 |
| d. Fire Protection Equipment Recharge.....             | 13 |
| e. Inventory or Appraisal.....                         | 13 |
| f. Key and Lock Expense.....                           | 13 |
| g. Ordinance or Law.....                               | 13 |
| h. Pollutant Clean Up and Removal.....                 | 14 |
| i. Preservation of Property.....                       | 14 |
| j. Rewards.....                                        | 15 |
| 5. Coverage Extensions.....                            | 15 |
| a. Accounts Receivable.....                            | 15 |

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# BUILDING AND PERSONAL PROPERTY COVERAGE FORM (INCLUDING SPECIAL CAUSES OF LOSS)

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION G. DEFINITIONS.**

## SECTION A. COVERAGE

We will pay for direct physical "loss" to Covered Property at the "premises" caused by or resulting from any Covered Cause of Loss.

### 1. Covered Property

Covered Property, as used in this Coverage Part, means the following types of property for which a Limit of Insurance is shown in the Declarations:

#### a. Building

Building, means the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
  - (a) Machinery and equipment;
  - (b) Building glass, including any lettering and ornamentation;
  - (c) Signs attached to a building or structure that is Covered Property;
  - (d) Awnings and canopies;
- (4) Personal property owned by you that is used to maintain or service a covered building or its "premises", including:
  - (a) Fire extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:

- (a) Additions under construction, alterations and repairs to a covered building;
- (b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the "premises", used for making additions, alterations or repairs to a covered building.

#### b. Outdoor Signs

Your outdoor signs permanently installed and not attached to a covered building, and located within 1,000 feet of the "premises".

#### c. Outdoor Fences

Your outdoor fences.

#### d. Business Personal Property

Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the "premises". Your Business Personal Property consists of the following unless otherwise specified in the Declarations or on the **BUSINESS PERSONAL PROPERTY - SEPARATION OF COVERAGE ENDORSEMENT.**

- (1) Furniture;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) The cost of labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property used in your business for which you have a contractual responsibility to insure. Such leased property is not considered per-

**p. Vehicles or Self-Propelled Machines**

Vehicles or self-propelled machines (including aircraft or watercraft) that:

- (1) Are licensed for use on public roads; or
- (2) Are operated principally away from the "premises".

This paragraph does not apply to:

- (1) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (2) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (3) Rowboats or canoes out of water and located at the "premises"; or
- (4) Trailers, but only as provided in **SECTION A. COVERAGE, 5. Coverage Extensions, o. Trailers (Non-Owned Detached)**.

**q. Property While Outside of Buildings**

The following property while outside of buildings (except as provided in **SECTION A. COVERAGE, 5. Coverage Extensions**):

- (1) Grain, hay, straw or other crops;
- (2) Signs, except:
  - a) Signs attached to a covered building or structure;
  - b) Signs for which a Limit of Insurance is shown in the Declarations.
- (3) Outdoor fences, except outdoor fences for which a Limit of Insurance is shown in the Declarations;
- (4) Radio antennas, television antennas or satellite dishes; including their lead-in wiring, masts, and towers; and
- (5) Trees, shrubs or plants (other than "stock" of trees, shrubs or plants).

**3. Covered Causes of Loss**

**a. Risks of Direct Physical Loss**

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the "loss" is:

- (1) Excluded in **SECTION A. COVERAGE, 3. Covered Causes of Loss, b. Exclusions**; or
- (2) Limited in **SECTION A. COVERAGE, 3. Covered Causes of Loss, c. Limitations**;

that follow.

**b. Exclusions**

- (1) We will not pay for "loss" caused directly or indirectly by any of the following, unless otherwise provided. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

**(a) Ordinance or Law**

Except as provided in **SECTION A. COVERAGE, 4. Additional Coverages, g. Ordinance or Law**, the enforcement of any ordinance or law:

- 1) Regulating the construction, use or repair of any building or structure; or
- 2) Requiring the tearing down of any building or structure, including the cost of removing its debris.

This exclusion applies whether "loss" results from:

- 1) An ordinance or law that is enforced even if the building or structure has not been damaged; or
- 2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of any building or structure, or removal of its debris, following a physical "loss" to that building or structure.

**(b) Earth Movement**

- 1) Earthquake, including any earth sinking, rising or shifting related to such event;
- 2) Landslide, including any earth sinking, rising or shifting related to such event;
- 3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- 4) Earth sinking (other than "sinkhole collapse"), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions

- 3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**(g) Water**

- 1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- 2) Mudslide or mudflow;
- 3) Water or waterborne material which backs up through or overflows or is discharged from a sewer, drain, septic system, sump pump or related equipment; or
- 4) Water or waterborne material under the ground surface pressing on, or flowing or seeping through:
  - a) Foundations, walls, floors or paved surfaces;
  - b) Basements, whether paved or not; or
  - c) Doors, windows or other openings.

However, if water, as described in (g)1) through (g)4) above, results in fire, explosion or sprinkler leakage, we will pay for that portion of "loss" caused by that fire, explosion or sprinkler leakage.

- 5) This exclusion **Water** does not apply to:
  - a) **SECTION A. COVERAGE, 5. Coverage Extensions, a. Accounts Receivable;**
  - b) **SECTION A. COVERAGE, 5. Coverage Extensions, p. Transportation;**
  - c) **SECTION A. COVERAGE, 5. Coverage Extensions, r. Valuable Papers and Records;** or
  - d) Office furniture that is covered Business Personal Property.

**(h) "Fungi", Wet Rot, Dry Rot, and Bacteria**

- 1) Presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot or bacteria. But if "fungi", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the "loss" caused by that "specified cause of loss".
- 2) This exclusion does not apply:
  - a) When "fungi", wet or dry rot or bacteria results from fire or lightning; or
  - b) To the extent that coverage is provided in **SECTION A. COVERAGE, 5. Coverage Extensions, g. "Fungi", Wet Rot, Dry Rot and Bacteria - Limited Coverage** with respect to "loss" from a cause of loss other than fire or lightning.

Exclusions **b.(1)(a)** through **b.(1)(h)** apply whether or not the "loss" event results in widespread damage or affects a substantial area.

- 2) We will not pay for "loss" caused by or resulting from any of the following:

**(a) Electrical Current**

Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires. However, if artificially generated electrical current results in fire, we will pay for that portion of the "loss" caused by that fire.

**(b) Delay or Loss of Use**

Delay, loss of use or loss of market.

**(c) Smoke, Vapor, Gas**

Smoke, vapor or gas from agricultural smudging or industrial operations.

**(d) Miscellaneous Causes of Loss**

- 1) Wear and tear;
- 2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- 3) Smog;

Rain, snow, ice or sleet to personal property in the open.

**(k) Collapse**

Collapse, except as provided in **SECTION A. COVERAGE, 5. Coverage Extensions, c. Collapse**. However, if collapse results in a Covered Cause of Loss at the "premises", we will pay for that portion of "loss" caused by that Covered Cause of Loss.

**(l) Pollutants**

Discharge, dispersal, seepage, migration, release, escape or emission of "pollutants" unless the discharge, dispersal, seepage, migration, release, escape or emission is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release, escape or emission of "pollutants" results in a "specified cause of loss", we will pay for the "loss" caused by that "specified cause of loss".

This exclusion does not apply to "loss" to glass caused by chemicals applied to the glass.

**(m) Work Process**

Any processing or work upon Covered Property. But if "loss" by fire results, we will pay for that resulting "loss".

**(n) Neglect**

Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of "loss".

- (3)** We will not pay for "loss" caused by or resulting from any of the following: **(3)(a)** through **(3)(c)**. However, if an excluded cause of loss that is listed in **(3)(a)** through **(3)(c)** results in a Covered Cause of Loss, we will pay for that portion of "loss" caused by that Covered Cause of Loss:

**(a) Weather Conditions**

Weather conditions, but this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **SECTION A. COVERAGE, 3. Covered Causes of Loss, b. Exclusions,**

**(1)(a)** through **(1)(h)** to produce the "loss".

**(b) Acts or Decisions**

Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

**(c) Defects, Errors, and Omissions**

- 1)** An act, error, or omission (negligent or not) relating to:

- a)** Land use;
- b)** Design, specifications, construction, workmanship;
- c)** Planning, zoning, development, surveying, siting, grading, compaction; or
- d)** Maintenance, installation, renovation, repair, or remodeling

of part or all of any property on or off the "premises";

- 2)** A defect, weakness, inadequacy, fault, or unsoundness in materials used in construction or repair of part or all of any property on or off the "premises"; or

- 3)** The cost to make good any error in design.

**(4) Special Exclusions**

The Special Exclusions apply only to **SECTION A. COVERAGE, 5. Coverage Extensions, b. Business Income and Extra Expense**; and if attached to this policy, the following coverage forms: **BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM, and EXTRA EXPENSE COVERAGE FORM.**

We will not pay for:

- (a)** Except as provided in **5. Coverage Extensions, q. Utility Services**, any "loss" caused directly or indirectly by the failure of power or other utility service supplied to the "premises", however caused, if the failure occurs outside of a covered building. Failure includes lack of sufficient capacity and reduction in supply. However, if the failure of



- 2) Business Income coverage or Extra Expense coverage.

**(e) Missing Property**

Property that is missing, where the only evidence of the "loss" is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

**(f) Gutters and Downspouts**

Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.

**(g) Transferred Property**

Property that has been transferred to a person or to a place outside the "premises" on the basis of unauthorized instructions.

**(2) Limitations - Various Property for Specified Causes**

We will not pay for "loss" to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

- (a) Animals, and then only if they are killed or their destruction is deemed necessary.
- (b) Contractors equipment, machinery and tools owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

- 1) If the property is located on or within 1,000 feet of the "premises"; or
- 2) To Business Income coverage or to Extra Expense coverage.

**(3) Limitation - Personal Property Theft**

This Limitation does not apply to Business Income coverage or to Extra Expense coverage. The special limit shown for each category, (3)(a) through (3)(d), is the most we will pay for "loss" to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:

- (a) \$2,500 for furs, fur garments and garments trimmed with fur.
- (b) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- (c) \$2,500 for patterns, dies, molds and forms.
- (d) \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

**4. Additional Coverages**

Unless stated otherwise, **SECTION C. DEDUCTIBLE** does not apply to the Additional Coverages. The Additional Coverages Limits of Insurance apply on a per location basis unless stated otherwise.

**a. Change in Temperature or Humidity**

We will pay for "loss" to your covered Business Personal Property caused by a change in temperature or humidity or contamination by refrigerant resulting from damage by a Covered Cause of Loss to equipment used for refrigerating, cooling, humidifying, dehumidifying, air conditioning, heating, generating or converting power (including their connections and supply or transmission lines and pipes) when located on the "premises".

This Coverage is included within the Limits of Insurance shown in the Declarations.

**b. Debris Removal**

- (1) Subject to Paragraphs (3) and (4) of this Additional Coverage, we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the "coverage term". The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical "loss".
- (2) This Additional Coverage does not apply to costs to:
  - (a) Extract "pollutants" from land or water; or

is determined prior to "loss", for fire department service charges:

- (1) Assumed by contract or agreement; or
- (2) Required by local ordinance.

This Coverage is in addition to the Limits of Insurance shown in the Declarations.

**d. Fire Protection Equipment Recharge**

- (1) We will pay for the expenses you incur to recharge your automatic fire suppression system or portable fire extinguishers when the equipment is discharged:
  - (a) To combat a covered fire to which this insurance applies;
  - (b) As a result of another covered Cause of Loss other than fire; or
  - (c) As a result of an accidental discharge.
- (2) We will not pay your expenses to recharge fire protection equipment as a result of a discharge during testing or installation.
- (3) If it is less expensive to do so, we will pay your costs to replace your automatic fire suppression system or portable fire extinguishers rather than recharge that equipment.

The most we will pay under this Additional Coverage is \$25,000 in any one occurrence. This Coverage is in addition to the Limits of Insurance shown in the Declarations.

**e. Inventory or Appraisal**

- (1) We will pay the necessary expenses you incur to prepare claim information as required by this Coverage Part. Expenses must result from:
  - (a) Taking inventories;
  - (b) Making appraisals; and
  - (c) Preparing a statement of loss and other supporting exhibits.
- (2) We will not pay for any expenses:
  - (a) Incurred to prove that "loss" is covered;
  - (b) Incurred under **SECTION D. LOSS CONDITIONS, 2. Appraisal**;
  - (c) Incurred for examinations under oath;

(d) Billed by and payable to independent or public adjusters; or

(e) To prepare claims not covered by this Coverage Part.

The most we will pay under this Additional Coverage for any one occurrence is \$10,000. This Coverage is in addition to the Limits of Insurance shown in the Declarations.

**f. Key and Lock Expense**

- (1) If a key is lost, stolen, or damaged, we will pay for:
  - (a) The actual expense of the new keys; and
  - (b) The adjustment of locks to accept new keys; or
  - (c) If required, new locks, including the expense of their installation;but only for locks at buildings or structures covered by this Coverage Part.
- (2) This Coverage does not apply to keys that were given to former employees.

The most we will pay under this Additional Coverage is \$1,000 per occurrence. This Coverage is in addition to the Limits of Insurance shown in the Declarations.

**g. Ordinance or Law**

- (1) If a Covered Cause of Loss occurs to a covered building or structure, resulting in the enforcement of an ordinance or law that:
  - (a) Requires the demolition of undamaged parts of covered buildings or structures that are damaged or destroyed by a Covered Cause of Loss; or
  - (b) Regulates the construction or repair of buildings or structures, or establishes building, zoning, or land use requirements at the "premises"; and
  - (c) Is in force at the time that "loss" is sustained;

we will pay:

- (a) For loss in value of the undamaged portion of the building or structure caused by enforcement of an ordinance or law that requires demolition of undamaged parts of the same building or structure;

**j. Rewards**

We will pay to provide a reward for information that leads to a conviction for arson, theft, vandalism, or burglary. The conviction must involve a covered "loss" caused by arson, theft, vandalism, or burglary. The most we will pay for "loss" under this Additional Coverage is \$10,000 in any one occurrence. This Coverage is in addition to the Limits of Insurance shown in the Declarations.

**5. Coverage Extensions**

Unless amended within the Extension, each Extension applies to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the "premises".

The limits applicable to the Coverage Extensions are in addition to the Limits of Insurance shown in the Property Declarations. Limits of Insurance specified in these Extensions apply per location unless stated otherwise.

**SECTION E. ADDITIONAL CONDITIONS, 1. Coinsurance**, does not apply to these Coverage Extensions.

**a. Accounts Receivable**

**SECTION C. DEDUCTIBLE** does not apply to this Coverage Extension.

(1) When you sustain "loss" to your accounts receivable records caused by a Covered Cause of Loss, we will pay:

- (a) All amounts due from your customers that you are unable to collect;
- (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (c) Collection expenses in excess of your normal collection expenses that are made necessary by the "loss"; and
- (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable.

(2) Coverage does not apply to:

- (a) Records of accounts receivable in storage away from the "premises"; or
- (b) Contraband, or property in the course of illegal transportation or trade.

(3) We will extend coverage to include:

**(a) Removal**

If you give us written notice within 30 days of removal of your records of accounts receivable because of imminent danger of "loss" from a Covered Cause of Loss, we will pay for "loss" while they are:

- 1) At a safe place away from your "premises"; or
- 2) Being taken to and returned from that place.

This Removal coverage is included within the Limit of Insurance applicable to this Coverage Extension.

**(b) Away From Your Premises**

We will pay up to \$5,000 in any one occurrence, regardless of the number of locations, for "loss" caused by a Covered Cause of Loss to Accounts Receivable while they are away from your "premises".

This Away From Premises Limit is in addition to the Limit of Insurance applicable to this Coverage Extension.

(4) **SECTION A. COVERAGE, 3. Covered Causes of Loss, b. Exclusions** does not apply to this Coverage Extension, except as follows:

- (a) **Exclusion (1)(c) Governmental Action;**
- (b) **Exclusion (1)(d) Nuclear Hazard;**
- (c) **Exclusion (1)(f) War and Military Action.**

(5) In addition to Paragraph (4) of this Coverage Extension, we will not pay for "loss" resulting from any of the following:

- (a) Dishonest or criminal acts by:
  - 1) You, your partners, employees, directors, trustees or authorized representatives;
  - 2) A manager or a member if you are a limited liability company;
  - 3) Anyone else with an interest in the records of accounts receivable, or their employees or authorized representatives; or

1000 feet of the site at which the "premises" are located.

**(2) Extra Expense**

We will pay "Extra Expense" you incur during the "period of restoration":

- (a) To avoid or minimize the "suspension" of business and to continue "operations":
  - 1) At the "premises"; or
  - 2) At replacement locations or at temporary locations, including:
    - a) Relocation expenses; and
    - b) Costs to equip and operate the replacement or temporary locations; or
- (b) To minimize the "suspension" of business if you cannot continue "operations".

However:

- (a) We will pay "Extra Expense" to repair or replace any property, or to research, replace, or restore the lost information on damaged "valuable papers and records" only to the extent it reduces the amount of "loss" that otherwise would have been payable under this Coverage Part; and
- (b) If any property obtained for temporary use during the "period of restoration" remains after the resumption of normal "operations", the amount we will pay under this Coverage will be reduced by the salvage value of that property.

**(3) Tenant Premises**

If you are a tenant and occupy only part of the site at which the "premises" are located, for the purpose of this Coverage Extension only, your "premises" is the portion of the building that you rent, lease or occupy, including:

- (a) Any area within the building or on the site at which the "premises" are located if that area services or is used to gain access to the "premises"; and
- (b) Your personal property in the open (or in a vehicle) within 1,000 feet.

**(4) Civil Authority**

We will pay for the actual loss of "Business Income" you sustain and "Extra Expense" you incur caused by action of civil authority that prohibits access to the "premises" due to direct physical "loss" to property, other than at the "premises", caused by or resulting from any Covered Cause of Loss.

This coverage will apply for a period of up to 30 consecutive days from the date of that action.

**(5) Alterations and New Buildings**

We will pay for the actual loss of "Business Income" you sustain and "Extra Expense" you incur due to direct physical "loss" at the "premises" caused by or resulting from any Covered Cause of Loss to:

- (a) New buildings or structures, whether complete or under construction;
- (b) Alterations or additions to existing buildings or structures; and
- (c) Machinery, equipment, supplies or building materials located on within 1,000 feet of the "premise" and:
  - 1) Used in the construction, alterations or additions; or
  - 2) Incidental to the occupancy of new buildings.

If such direct physical "loss" delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical "loss" had not occurred.

**(6) Newly Acquired Locations**

We will pay the actual loss of "Business Income" you sustain and "Extra Expense" you incur due to direct physical "loss" to Covered Property at any location you acquire caused by or resulting from a Covered Cause of Loss. This coverage for the Newly Acquired locations will end when any of the following first occurs:

- (a) This policy expires;
- (b) You report values to us;
- (c) 90 days pass from the date you acquire or begin to construct the Covered Property.

results in additional "loss" or expense in a subsequent "coverage term", all "loss" and expense is deemed to be sustained in the "coverage term" in which the interruption began.

This \$2,500 coverage for Interruption of Computer Operations does not increase the Limit of Insurance provided in this Coverage Extension.

The most we will pay for "loss" under this "Business Income" and "Extra Expense" Coverage Extension is \$25,000 in any one occurrence.

**c. Collapse**

**(1) With respect to buildings:**

- (a)** Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- (b)** A building or any part of a building that is in imminent danger of collapse is not considered to be in a state of collapse.
- (c)** A building that is standing or any part of a building that is standing is not considered to be in state of collapse even if it:
  - 1)** Has separated from another part of a building; or
  - 2)** Shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinking or expanding.

**(2) We will pay for "loss" to Covered Property, caused by collapse of a building or any part of a building insured under this Coverage Part, if the collapse is caused by one or more of the following:**

- (a)** "Specified Causes of Loss" and breakage of building glass as provided under this Coverage Part.
- (b)** Decay that is hidden from view, unless the presence of such decay is known or should reasonably have been known to an insured prior to collapse;
- (c)** Insect or vermin damage that is hidden from view, unless the presence of such damage is known or should reasonably have been

known to an insured prior to collapse;

- (d)** Weight of people or personal property;
- (e)** Weight of rain that collects on a roof;
- (f)** Use of defective material or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling, or renovation. However, if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a cause of loss listed in **(2)(a)** through **(2)(e)** of this Coverage Extension, we will pay for "loss" even if the use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.

The criteria set forth in **(1)(a)** through **(1)(c)** of this Coverage Extension do not limit the coverage otherwise provided for the causes of loss listed in **(2)(a)**, **(2)(d)**, or **(2)(e)** of this paragraph.

**(3) If the following is Covered Property under this Coverage Part:**

- (a)** Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- (b)** Awnings, gutters and downspouts;
- (c)** Yard fixtures;
- (d)** Outdoor swimming pools;
- (e)** Fences;
- (f)** Piers, wharves and docks;
- (g)** Beach or diving platforms; including their appurtenances;
- (h)** Retaining walls; and
- (i)** Walks, roadways and other paved surfaces;

we will pay for "loss" caused by its collapse, if such "loss" is a direct result of the collapse of a building or structure insured under this Coverage Part. That building collapse must be caused by a cause of loss listed in **(2)(b)** through **(2)(f)** of this Coverage Extension.

**(4) If personal property abruptly falls down or caves in and such collapse is not the**

(2) We will pay for "loss" by "fungi", wet or dry rot or bacteria. As used in this Coverage Extension, the term "loss" means:

(a) Direct physical "loss" to Covered Property caused by "fungi", wet or dry rot or bacteria, including the cost of removal of the "fungi", wet or dry rot or bacteria;

(b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet or dry rot or bacteria; and

(c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet or dry rot or bacteria are present.

(3) The coverage described under g.(2) of this Coverage Extension is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all "loss" arising out of all occurrences that take place in the "coverage term". With respect to a particular occurrence of "loss" which results in "fungi", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungi", wet or dry rot or bacteria continues to be present or active, or recurs, in a subsequent "coverage term".

(4) The coverage provided under this Coverage Extension does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in "loss" by "fungi", wet or dry rot or bacteria, and other "loss", we will not pay more, for the total of all "loss" than the applicable Limit of Insurance on the affected Covered Property.

If there is covered "loss" to Covered Property, not caused by "fungi", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Coverage Extension, except to the extent that "fungi", wet or dry rot or bacteria causes an increase in the "loss". Any such increase in the "loss" will be subject to the terms of this Coverage Extension.

(5) The terms of this Coverage Extension do not increase or reduce the coverage provided under:

(a) SECTION A. COVERAGE, 5. Coverage Extensions, c. Collapse;

(b) SECTION A. COVERAGE, 5. Coverage Extensions, s. Water, Other Liquids, Powder or Molten Material Damage

(6) The following (6)(a) or (6)(b) apply only if Business Income, Rental Value, or Extra Expense Coverage applies to the "premises" and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income, Rental Value, or Extra Expense Coverage.

(a) If the "loss" which resulted in "fungi", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to "loss" to property caused by "fungi", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of "loss" and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

(b) If a covered "suspension" of "operations" was caused by "loss" other than "fungi", wet or dry rot or bacteria but remediation of "fungi", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for "loss" and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

#### h. Glass

(1) If a Covered Cause of Loss occurs to building glass that is Covered Property, we will also pay necessary expenses you incur to:

(a) Put up temporary plates or board up openings if repair or replacement of damaged glass is delayed;

(b) Repair or replace encasing frames;

(c) Remove or replace obstructions (except expenses to remove or replace window displays); and

(d) Repair or replace alarm tapes.

We will charge you additional premium for values reported from the date construction begins on that part of the building that would qualify as Covered Property, or you acquire the new property.

**j. Non-Owned Building Damage**

If you are a tenant, you may extend the insurance provided by this Coverage Part for Business Personal Property to "loss" that occurs to the building at a "premises" you occupy but do not own. Such "loss" must be caused by theft or attempted theft.

This Coverage Extension applies only if your lease makes you legally responsible for that part of the building sustaining "loss".

This Coverage Extension does not apply to:

- (1) Glass, including lettering and ornamentation, and also necessary:
  - (a) Repair or replacement of encasing frames or alarm tapes; and
  - (b) Expenses incurred to board up openings or remove or replace obstruction.
- (2) Building materials and equipment removed from the "premises".

The most we will pay for "loss" under this Coverage Extension is \$25,000 in any one occurrence.

**k. Outdoor Property**

You may extend the insurance provided by this Coverage Part to apply to "loss" to your:

- (1) Radio antennas, television antennas or satellite dishes (including their lead-in wiring, masts and towers);
- (2) Trees, shrubs or plants (other than "stock" of trees, shrubs or plants); and
- (3) If you are a tenant, to your awnings that are attached to a building you occupy;

including debris removal expense, but only if caused by or resulting from any of the following causes of loss if they are included as Covered Causes of Loss under this Coverage Part:

- (a) Fire;
- (b) Lightning;
- (c) Explosion;
- (d) Riot or Civil Commotion;
- (e) Aircraft; or

**(f) Falling objects.**

The most we will pay for "loss" under this Coverage Extension is \$5,000 in any one occurrence, but not more than \$1,000 for any one tree, shrub or plant.

**l. Personal Effects**

You may extend the insurance that applies to your Business Personal Property to apply to "loss" to:

Personal effects owned by:

- (1) You, your officers, or your partners, or if you are a limited liability company, your members or your managers; or
- (2) Your employees (including temporary and leased employees), including tools owned by your employees that are used in your business. However, employee tools are not covered for theft.

This Coverage Extension does not apply to "money" or "securities".

If theft is included as a Covered Cause of Loss under this Coverage Part, then this Coverage Extension has a \$500 per occurrence limitation for "loss" by theft.

The most we will pay for "loss" under this Coverage Extension is \$10,000 in any one occurrence.

**m. Property Off Premises**

- (1) You may extend the insurance provided by this Coverage Part to apply to "loss" to your Covered Property, including personal property of others as described in **SECTION A. COVERAGE, 1. Covered Property, d. Business Personal Property**, while it is away from the "premises", if it is:

- (a) Temporarily at a location you do not own, lease, or operate; or
- (b) In storage at a location you lease, provided the lease was executed for the first time after the beginning of the current "coverage term".

- (2) This Coverage Extension does not apply to Covered Property at exhibitions or fairs or in transit.

The most we will pay for "loss" under this Coverage Extension is \$10,000 in any one occurrence.

The Limit of Insurance provided by this Coverage Extension does not apply per location.

cluding destruction or corruption of "electronic data".

The most we will pay for "loss" under this Coverage Extension is \$25,000 in any one occurrence.

**r. Valuable Papers and Records**

**SECTION C. DEDUCTIBLE** does not apply to this Coverage Extension.

(1) Subject to Paragraph (3) of this Coverage Extension, we will pay necessary costs you incur to research, replace or restore lost or damaged information on "valuable papers and records" that are your property or the property of others in your care, custody or control; resulting from "loss" caused by a Covered Cause of Loss.

(2) Coverage does not apply to:

- (a) Property that cannot be replaced with other property of like kind and quality;
- (b) Property held as samples or for delivery after sale;
- (c) Property in storage away from the "premises", except as provided in (4)(b) of this Coverage Extension;
- (d) Contraband, or property in the course of illegal transportation or trade;
- (e) "Valuable papers and records" in the form of "electronic data", including the materials on which the "electronic data" is recorded.

(3) The most we will pay for "loss" is the least of the following amounts:

- (a) The cost of reasonably restoring the damaged property to its condition immediately before the "loss";
- (b) The cost of replacing the damaged property with substantially identical property; or
- (c) The actual cash value of the damaged property at the time of "loss".

However, we will not pay for "loss" unless or until the damaged property is actually replaced or restored; and then only if such replacement or restoration occurs within 36 months from the date of "loss".

(4) We will extend coverage to include:

**(a) Removal**

If you give us written notice within 30 days of removal of your "valuable papers and records" because of imminent danger of "loss" from a Covered Cause of Loss, we will pay for "loss" while they are:

- 1) At a safe place away from your "premises"; or
- 2) Being taken to and returned from that place.

This Removal coverage is included within the Limits of Insurance applicable to this Coverage Extension.

**(b) Away From Your Premises**

We will pay up to \$5,000 in any one occurrence, regardless of the number of locations, for "loss" caused by a Covered Cause of Loss to "valuable papers and records" while they are away from your "premises".

This Away From Premises Limit is in addition to the Limit of Insurance applicable to this Coverage Extension.

(5) **SECTION A. COVERAGE, 3. Covered Causes of Loss, b. Exclusions** does not apply to this Coverage Extension except as follows:

- (a) **Exclusion (1)(c) Governmental Action;**
- (b) **Exclusion (1)(d) Nuclear Hazard; and**
- (c) **Exclusion (1)(f) War and Military Action.**

(6) In addition to Paragraph (5) of this Coverage Extension, we will not pay for "loss" resulting from any of the following:

(a) Dishonest or criminal acts by:

- 1) You, your partners, employees, directors, trustees or authorized representatives;
- 2) A manager or a member if you are a limited liability company;
- 3) Anyone else with an interest in the records of accounts receivable, or their employees or authorized representatives; or



Total amount of "loss" payable: \$59,850 + 80,000 = \$139,850.

**Example No. 2:**

(This example also assumes there is no coinsurance penalty).

The Deductible and Limits of Insurance are the same as those in Example No. 1:

- "Loss" to Bldg. 1: \$70,000  
(Exceeds Limit of Insurance plus Deductible)
- "Loss" to Bldg. 2: \$90,000  
(Exceeds Limit of Insurance plus Deductible)
- "Loss" Payable - Bldg. 1: \$60,000  
(Limit of Insurance)
- "Loss" Payable - Bldg. 2: \$80,000  
(Limit of Insurance)

Total amount of "loss" payable: \$140,000.

**2. Glass Deductible**

When "loss" to Covered Property only involves building glass, the Deductible for that "loss" will be the lesser of:

- a. \$500; or
- b. The Deductible shown in the Declarations for that Covered Property.

**SECTION D. LOSS CONDITIONS**

The following conditions apply in addition to the **COMMON POLICY CONDITIONS** and the **COMMERCIAL PROPERTY CONDITIONS**.

**1. Abandonment**

There can be no abandonment of any property to us.

**2. Appraisal**

If we and you disagree on the value of the property, the amount of Net Income and operating expense, or the amount of "loss", either may make written demand for an appraisal of the "loss". In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property, the amount of Net Income and operating expense, and amount of "loss". If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and

- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we still retain our right to deny the claim.

**3. Duties In The Event of Loss or Damage**

- a. In the event of "loss" to Covered Property, you must see that the following are done in order for coverage to apply:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the "loss". Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the "loss" occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage. If feasible, set the damaged property aside and in the best possible order for examination. Keep a record of your expenses necessary to protect the Covered Property for consideration in the settlement of the claim. This will not increase your limit of insurance. However, in no event will we pay for any subsequent "loss" resulting from a cause of loss that is not a Covered Cause of Loss.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of "loss" claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the "loss" and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis and permit us to make copies from your books and records.

- (7) Submit a signed sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.

(b) If the building is repaired or replaced at the same "premises", or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same "premises".

(c) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

j. Loss Determination - Business Income and Extra Expense

With respect to **SECTION A. COVERAGE, 5. Coverage Extensions, b. Business Income and Extra Expense,**

(1) The amount of "Business Income" and "Rental Value" "loss" will be determined based on:

(a) The Net Income of the business before the direct physical "loss" occurred;

(b) The likely Net Income of the business if no physical "loss" had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(c) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical "loss"; and

(d) Other relevant sources of information, including;

1) Your financial records and accounting procedures;

2) Bills, invoices and other vouchers; and

3) Deeds, liens or contracts.

(2) The amount of "Extra Expense" will be determined based on:

(a) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical "loss"

had occurred. We will deduct from the total of such expenses:

1) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

2) Any "Extra Expense" that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(b) Necessary expenses that reduce the "Business Income" and "Rental Value" "loss" that otherwise would have been incurred.

**(3) Resumption of Operations**

We will reduce the amount of your:

(a) "Business Income" and "Rental Value" "loss", other than "Extra Expense", to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or "stock") at the "premises" or elsewhere.

(b) "Extra Expense" "loss" to the extent you can return "operations" to normal and discontinue such "Extra Expense".

(4) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

**5. Recovered Property**

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

**6. Vacancy**

**a. Description of Terms**

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:

## SECTION E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the **COMMON POLICY CONDITIONS** and the **COMMERCIAL PROPERTY CONDITIONS**.

### 1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any "loss" if the value of Covered Property at the time of "loss" times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of "loss" by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in step (1);
- (3) Multiply to the total amount of "loss", before the application of any deductible, by the figure determined in step (2); and
- (4) Subtract the deductible from the figure determined in step (3).

We will pay the amount determined in step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the "loss" yourself.

#### Example No. 1 (Underinsurance):

The value of the property is: \$250,000  
The coinsurance percentage is: 80%  
The Limit of Insurance is: \$100,000  
The Deductible is: \$250  
The amount of "loss" is: \$40,000

Step (1):

$\$250,000 \times 80\% = \$200,000$  (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):

$\$100,000 \div \$200,000 = .50$

Step (3):

$\$40,000 \times .50 = \$20,000$

Step (4):

$\$20,000 - \$250 = \$19,750$ .

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

#### Example No. 2 (Adequate Insurance):

The value of the property is: \$250,000  
The coinsurance percentage is: 80%  
The Limit of Insurance is: \$200,000  
The Deductible is: \$250  
The amount of "loss" is: \$40,000

Step (1):

$\$250,000 \times 80\% = \$200,000$  (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):

$\$200,000 \div \$200,000 = 1.00$

Step (3):

$\$40,000 \times 1.00 = \$40,000$

Step (4):

$\$40,000 - \$250 = \$39,750$ .

We will pay no more than \$39,750 "loss" in excess of the Deductible. No penalty applies.

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

#### Example No. 3:

The values of the property are:

Bldg. at Location No. 1: \$75,000  
Bldg. at Location No. 2: \$100,000  
Personal Property at Location No. 2: \$75,000  
250,000

The coinsurance percentage is: 90%  
The Limit of Insurance for Buildings and Personal

Property at Location Nos. 1 and 2 is: \$180,000  
The Deductible is: \$1,000  
The amount of "loss" is:  
Bldg. at Location No. 2: \$30,000  
Personal Property at Location No. 2: \$20,000  
\$50,000

Step (1):

$\$250,000 \times 90\% = \$225,000$  (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2):

$\$180,000 \div \$225,000 = .80$

as a decimal (example: 8% is .08), multiplied by

- (3) The number of days since the beginning of the current "coverage term" or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If: The applicable Limit of Insurance is: \$100,000

The Annual percentage increase is: 8%

The number of days since the beginning of the policy year (or last policy change) is: 146

The amount of increase is  $\$100,000 \times .08 \times 146 \div 365 = \$3,200$

### 3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces "Actual Cash Value" in **SECTION D. LOSS CONDITIONS, 7. Valuation** of this **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**.
- b. This Optional Coverage does not apply to:
- (1) Personal Property of others, except leased personal property as described in **SECTION A. COVERAGE, 1. Covered Property, d.(7)**. The valuation of such leased personal property will be based on the amount for which you are liable under the lease, but not to exceed the replacement cost of the leased item.
  - (2) Personal effects;
  - (3) Contents of a residence;
  - (4) Manuscripts;
  - (5) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac;
  - (6) "Stock" unless the Replacement Cost including "Stock" option is shown in the Declarations; or
  - (7) Property, that at the time of "loss":
    - (a) Is outdated, or obsolete and is stored or not being used; or
    - (b) Has no practical value to you.
- c. You may make a claim for "loss" covered by this insurance on an "Actual Cash Value"

basis instead of on a replacement cost basis. In the event you elect to have "loss" settled on an "Actual Cash Value" basis you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the "loss".

- d. We will not pay on a replacement cost basis for any "loss":
- (1) Until the lost or damaged property is actually repaired or replaced with other property of generally the same construction and used for the same purpose as the lost or damaged property; and
  - (2) Unless the repairs or replacement have been completed or at least underway within 2 years following the date of "loss".
- e. We will not pay more for "loss" on a replacement cost basis than the least of:
- (1) The Limit of Insurance applicable to the lost or damaged property;
  - (2) The cost to replace, on the same "premises", the lost or damaged property with other property:
    - (a) Of comparable material and quality; and
    - (b) Used for the same purpose; or
  - (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use, or repair of any building or structure except as provided in **SECTION A. COVERAGE, 4. Additional Coverages, g. Ordinance or Law**.

### SECTION G. DEFINITIONS

1. **"Actual Cash Value"** means replacement cost less a deduction that reflects depreciation, age, condition and obsolescence.
2. **"Business Income"** means the:
  - a. Net Income (net profit or loss before income taxes) that would have been earned or incurred; and
  - b. Continuing normal operating expenses incurred, including payroll.
3. **"Computer programs"** means a set of related electronic instructions which direct the operations and functions of a computer or device

14. **"Premises"** means the Location of Premises described in the Declarations.

15. **"Rental Value"** means "Business Income" that consists of :

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the "premises" described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the "premises" which is occupied by you; and
- b. Continuing normal operating expenses incurred in connection with that "premises", including:
  - (1) Payroll; and
  - (2) The amount of charges, which are the legal obligation of the tenant(s) but would otherwise be your obligations.

16. **"Securities"** means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps whether or not in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which are not of your own issue:

but does not include "money". Lottery tickets held for sale are not "securities" or evidences of debt.

17. **"Sinkhole collapse"** means the sudden settlement or collapse of earth supporting the Covered Property into subterranean voids created by the action of water on a limestone or similar rock formation. This does not include:

- a. The cost of filling sinkholes;
- b. Sinking or collapse of land into man-made subterranean cavities; or

c. The value of the land.

18. **"Specified Causes of Loss"** means fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

a. Falling objects does not include "loss" to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

b. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

19. **"Stock"** means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

20. **"Suspension"** means:

- a. The slowdown or cessation of your business activities; and
- b. That a part or all of the "premises" is rendered untenable.

21. **"Valuable Papers and Records"** means inscribed, printed or written documents, manuscripts or records, including abstracts, books, card index systems, deeds, drawings, films, maps, mortgages, or proprietary information.

But "valuable papers and records" does not mean "money" or "securities" or "electronic data", including the materials on which the "electronic data" is recorded.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **PROPERTY COVERAGE PART AMENDATORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART  
MORTGAGE INTEREST COVERAGE PART**

**A. Gutters and Downspouts**

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM (INCLUDING SPECIAL CAUSES OF LOSS), SECTION A. COVERAGE, 3. Covered Causes of Loss, c. Limitations, (1) Limitations - Various Types of Property, (f) Gutters and Downspouts is deleted in its entirety.**

**B. Pollutant Definition**

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM (INCLUDING SPECIAL CAUSES OF LOSS), SECTION G. DEFINITIONS, 13. "Pollutants" and MORTGAGE INTEREST COVERAGE FORM, SECTION L. DEFINITIONS, 9. "Pollutants" are deleted in their entirety and replaced by the following definition:**

**"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, petroleum, petroleum products and petroleum by-products, and waste. Waste includes materials to be recycled, reconditioned or reclaimed. "Pollutants" include but are not limited to substances which are generally recognized in industry or government to be harmful or toxic to persons, property, or the environment regardless of whether injury or damage is caused directly or indirectly by the "pollutants" and whether:

- a.** You are regularly or otherwise engaged in activities which taint or degrade the environment; or
- b.** You use, generate or produce the "pollutant".

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **VIRGINIA CHANGES NUCLEAR HAZARD EXCLUSION**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL PROPERTY COVERAGE PART**

- A.** Exclusion (1)(d) **Nuclear Hazard** in **SECTION A. COVERAGE, 3. Covered Causes of Loss, b. Exclusions** of the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** is deleted in its entirety and replaced by the following:

#### **(1)(d) Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused. However, if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the "loss" caused by that fire.

- B.** Exclusion **2.d. Nuclear Hazard** in **SECTION E. EXCLUSIONS** of the **MORTGAGE INTEREST COVERAGE FORM** is deleted in its entirety and replaced by the following:

#### **2.d. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused. However, if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the "loss" caused by that fire.

- C.** Exclusion **b.(1)(b) Nuclear Hazard** in **SECTION C. Exclusions** of the **PRINTERS PERSONAL PROPERTY COVERAGE ENDORSEMENT** is deleted in its entirety and replaced by the following:

#### **b.(1)(b) Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused. However, if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the "loss" caused by that fire.

# NOTICE TO POLICYHOLDERS

## FLOOD INSURANCE NOTICE

This notice does not provide coverage nor does it replace any provision of your policy. You should read your policy and review your Declarations page for complete information on the coverage you are provided. If there is any conflict between the policy and this notice, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

Your policy contains the following Water exclusion:

**(g) Water**

- 1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- 2) Mudslide or mudflow;
- 3) Water or waterborne material which backs up through or overflows or is discharged from a sewer, drain, septic system, sump pump or related equipment; or
- 4) Water or waterborne material under the ground surface pressing on, or flowing or seeping through:
  - a) Foundations, walls, floors or paved surfaces;
  - b) Basements, whether paved or not; or
  - c) Doors, windows or other openings.

However, if water, as described in **(g)1)** through **(g)4)** above, results in fire, explosion or sprinkler leakage, we will pay for that portion of "loss" caused by that fire, explosion or sprinkler leakage.

- 5) This exclusion **Water** does not apply to:
  - a) **SECTION A. COVERAGE, 5. Coverage Extensions, a. Accounts Receivable;**
  - b) **SECTION A. COVERAGE, 5. Coverage Extensions, p. Transportation;**
  - c) **SECTION A. COVERAGE, 5. Coverage Extensions, r. Valuable Papers and Records;** or
  - d) Office furniture that is covered Business Personal Property.

Except for the property exempted from the Exclusion **(5)(a)-(d)**, your policy does not provide coverage for flood **(g)(1)** or mudslide **(g)(2)**.

Information regarding flood insurance is available from your agent **((757)436-4600)**, or the National Flood Insurance Program.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## EQUIPMENT BREAKDOWN COVERAGE (EXCLUDING PRODUCTION EQUIPMENT)

This endorsement modifies insurance provided under the following:

### COMMERCIAL PROPERTY COVERAGE PART

#### A. Covered Causes of Loss

1. **BUILDING AND PERSONAL PROPERTY COVERAGE FORM, SECTION A. COVERAGE** is amended by adding the following:

We will pay for direct damage to Covered Property caused by or resulting from an "accident" at the "premises".

2. **BUILDING AND PERSONAL PROPERTY COVERAGE FORM, SECTION A. COVERAGE, 3. Covered Causes of Loss, b. Exclusions** is amended by:

- a. Adding the following to (1)(e) **Utility Services**, (1)(g) **Water 1**, (2)(a) **Electrical Current**, (2)(d) **Miscellaneous Causes of Loss**, (2)(j) **Exposure to Weather**, (3)(a) **Weather Conditions**, (3)(b) **Acts or Decisions**, and (3)(c) **Defects, Errors, and Omissions**:

However, this exclusion does not apply if these causes of loss are caused by, or result from, an "accident" to Covered Property at the "premises".

- b. Deleting in its entirety (2)(e) **Explosion of Steam Apparatus**.

3. **BUILDING AND PERSONAL PROPERTY COVERAGE FORM, SECTION A. COVERAGE, 3. Covered Causes of Loss, c. Limitations** is amended by deleting in its entirety:

- a. (1)(a) **Steam Apparatus**; and
- b. (1)(b) **Hot Water Boilers**.

#### B. Additional Coverages

For the purposes of the coverages in this endorsement only, **BUILDING AND PERSONAL PROPERTY COVERAGE FORM, SECTION A. COVERAGE, 4. Additional Coverages** is amended as follows:

1. The first paragraph is deleted in its entirety and replaced with the following:

All other terms and conditions of this Coverage Part, including Limits of Insur-

ance and deductibles, apply to these Additional Coverages. If Limits of Insurance are indicated in the following Additional Coverages, they are included in, and are not in addition to, the Limit of Insurance shown in the Declarations as applicable to the Covered Property.

2. The following is added:

#### Drying Out

If electrical equipment included in Covered Property requires drying out as a result of a flood, the drying out will be considered an "accident". This Additional Coverage is included within the Limit of Insurance shown in the Declarations.

#### Expediting Expenses

With respect to "loss" covered by this endorsement, and with respect to your damaged Covered Property, we will pay the reasonable extra cost to:

- (1) Make temporary repairs;
- (2) Expedite permanent repairs; and
- (3) Expedite permanent replacement.

This Additional Coverage is included within the Limit of Insurance shown in the Declarations.

#### Hazardous Substance Limitation

This Additional Coverage only applies to "loss" covered by this endorsement.

The following applies despite the operation of the Ordinance or Law Exclusion. This limitation does not apply to damage, contamination or pollution caused by ammonia.

If Covered Property is damaged, contaminated or polluted by a "hazardous substance" as a result of an "accident" to Covered Property covered by this endorsement, the most we will pay for any additional expenses incurred by you for clean up, repair, replacement or disposal of that property is \$25,000. As used here, additional expenses mean expenses incurred beyond those for which

we would be liable if no "hazardous substance" had been involved.

### **Ammonia Contamination Limitation**

If Covered Property is contaminated by ammonia as a result of an "accident" to Covered Property at the "premises", the most we will pay for this kind of damage, including salvage expense, is \$25,000.

### **Spoilage**

We will pay for "loss" of perishable goods due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused solely by an "accident".

We will not pay for "loss" as a result of your failure to use all reasonable means to protect the perishable goods from damage following an "accident".

This Additional Coverage is included within the Limit of Insurance shown in the Declarations.

### **Non - Owned Equipment**

Covered property includes equipment:

- (1) Located on or within 500 feet of a "premises";
- (2) That is not owned, leased, or rented by you; and
- (3) Used to supply telephone, electricity, air conditioning, heating, gas, water or steam to a "premises".

For any covered equipment owned by others and covered by this Additional Coverage, the Limit of Insurance will be \$1.00 and not the Limit of Insurance shown in the Declarations.

### **C. Deductible**

For the purposes of the coverages in this endorsement only, **BUILDING AND PERSONAL PROPERTY COVERAGE FORM, SECTION C. DEDUCTIBLE** is amended by adding the following:

The deductible applicable to "loss" covered by this endorsement is \$500, or the deductible indicated in the Declarations as being applicable to the lost or damaged Covered Property, whichever is greater.

### **D. Conditions**

For the purposes of the coverages in this endorsement only, **BUILDING AND PERSONAL PROPERTY COVERAGE FORM, SECTION E. ADDITIONAL CONDITIONS** is amended by adding the following:

### **Suspension**

Whenever any covered equipment is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against "loss" from an "accident" to that covered equipment. This can be done by delivering or mailing a written notice of suspension to:

- a. Your last known address; or
- b. The address where the covered equipment is located.

Once suspended in this way, your insurance can be reinstated only by written notice from us.

If we suspend your insurance, you will get a pro rata refund of premium for that covered equipment. However, the suspension will be effective even if we have not yet made or offered a refund.

### **Inspection**

If any Covered Property requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf.

### **E. Definitions**

For the purposes of the coverages in this endorsement only, **BUILDING AND PERSONAL PROPERTY COVERAGE FORM, SECTION G. DEFINITIONS** is amended by adding the following:

#### **"Accident"**

1. **"Accident"** means a sudden and accidental breakdown of the following covered equipment:
  - a. Any boiler;
  - b. Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents;
  - c. Any piping and its accessory equipment;
  - d. Any refrigeration or air conditioning system; or
  - e. Any mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power.

At the time the breakdown occurs, it must become apparent by physical damage that requires repair or replacement of the covered equipment or part thereof.

2. None of the following is an "accident":

- a. Depletion, deterioration, corrosion or erosion, wear and tear;
  - b. The functioning of any safety or protective device; or
  - c. The breakdown of any structure or foundation.
3. None of the following are covered equipment:
- a. Any sewer piping, underground gas piping, or piping forming a part of a sprinkler system;
  - b. Water piping other than boiler feed water piping, boiler condensate return piping or water piping forming a part of a refrigeration or air conditioning system;
  - c. Insulating or refractory material;
  - d. Media used with any electronic data processing equipment;
  - e. Vehicle, elevator, escalator, conveyor, hoist or crane;
  - f. Machine or apparatus that is used for research, medical, diagnostic, surgical, dental or pathological purposes; or
  - g. Production equipment meaning any production or processing machinery or equipment that processes, forms, cuts, shapes, grinds or conveys raw materials, materials in process or finished products, and any electronic data processing equipment, data or media which controls or operates production equipment.
4. If a strike, riot, civil commotion, act of sabotage or vandalism results in an "accident", this insurance applies. However, the War and Military Action Exclusion and the conditions of this Coverage Part still apply.

**"Hazardous Substance"** means a substance declared to be hazardous to health by a governmental agency.

LIABILITY

# THE CINCINNATI INSURANCE COMPANY

A STOCK INSURANCE COMPANY

## COMMERCIAL GENERAL LIABILITY COVERAGE

### PART DECLARATIONS

Attached to and forming part of POLICY NUMBER: CPP 086 51 69 Effective Date: 08-14-2008

Named Insured: **IS THE SAME AS IT APPEARS ON THE COMMON POLICY DECLARATIONS**

**LIMITS OF INSURANCE**

|                                                    |                     |                                |
|----------------------------------------------------|---------------------|--------------------------------|
| EACH OCCURRENCE LIMIT                              | \$ <u>1,000,000</u> |                                |
| GENERAL AGGREGATE LIMIT                            | \$ <u>2,000,000</u> |                                |
| PRODUCTS-COMPLETED OPERATIONS AGGREGATE LIMIT      | \$ <u>2,000,000</u> |                                |
| PERSONAL & ADVERTISING INJURY LIMIT                | \$ <u>1,000,000</u> | ANY ONE PERSON OR ORGANIZATION |
| DAMAGE TO PREMISES RENTED TO YOU LIMIT             |                     | ANY ONE                        |
| \$100,000 limit unless otherwise indicated herein: | \$ _____            | PREMISES                       |
| MEDICAL EXPENSE LIMIT                              |                     |                                |
| \$5,000 limit unless otherwise indicated herein:   | \$ _____            | ANYONEPERSON                   |

| CLASSIFICATION                                  | CODE NO. | PREMIUM BASE<br>A - Area<br>B - Payroll<br>C - Gross Sales<br>D - Units<br>E - Other | RATE                            |                  | ADVANCE PREMIUM                 |           |
|-------------------------------------------------|----------|--------------------------------------------------------------------------------------|---------------------------------|------------------|---------------------------------|-----------|
|                                                 |          |                                                                                      | Products / Completed Operations | All Other        | Products / Completed Operations | All Other |
| BI EXCEPTIONS TO POLLUTANT EXCLUSION            | 20410    |                                                                                      |                                 | 2%               |                                 | 50 MP     |
| HIRED AND NON-OWNED AUTO                        |          |                                                                                      |                                 |                  |                                 | 28        |
| ADDITIONAL INSUREDS                             | 29938    |                                                                                      |                                 |                  |                                 | 35        |
| HOMEOWNERS ASSOCIATION INCL PROD AND/OR COMP OP | 20300    | E 25 EACH<br>E 65 EACH                                                               |                                 | 2.687<br>1.436   |                                 | 67<br>93  |
| PARKS OR PLAYGROUNDS INCL PROD AND/OR COMP OP   | 46671    | E 1 EACH<br>E 2 EACH                                                                 |                                 | 161.701<br>7.082 |                                 | 162<br>14 |
| SWIMMING POOLS INCL PROD AND/OR COMP OP         | 48925    | E 1 EACH                                                                             |                                 | 461.580          |                                 | 462       |

The General Liability Coverage Part is subject to an annual minimum premium.

TOTAL ANNUAL PREMIUM \$ **911**

**FORMS AND / OR ENDORSEMENTS APPLICABLE TO THIS COVERAGE PART:**

|       |       |          |       |       |       |        |       |
|-------|-------|----------|-------|-------|-------|--------|-------|
| GA101 | 12/04 | GA4256VA | 11/07 | GA207 | 12/04 | GA4240 | 01/06 |
| GA479 | 03/96 | GA4079   | 10/01 | GA478 | 12/04 |        |       |

# COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this Coverage Part restrict this insurance. Read the entire Coverage Part carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Part the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this Coverage Part. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under **SECTION II - WHO IS AN INSURED**.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION V - DEFINITIONS**.

## SECTION I - COVERAGES

### COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

#### 1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in **SECTION III - LIMITS OF INSURANCE**; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**; **SECTION I - COVERAGES, COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY**; or medical expenses under **SECTION I - COVERAGES, COVERAGE C. MEDICAL PAYMENTS**.

No other obligation or liability to pay sums or perform acts or services is covered unless expressly provided for under

### SUPPLEMENTARY PAYMENTS - COVERAGES A AND B.

- b. This insurance applies to "bodily injury" and "property damage" only if:
  - (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
  - (2) The "bodily injury" or "property damage" occurs during the policy period; and
  - (3) Prior to the "coverage term" in which "bodily injury" or "property damage" occurs, you did not know, per Paragraph 1.d. below, that the "bodily injury" or "property damage" had occurred or had begun to occur, in whole or in part.
- c. "Bodily injury" or "property damage" which:
  - (1) Occurs during the "coverage term"; and
  - (2) Was not, prior to the "coverage term", known by you, per Paragraph 1.d. below, to have occurred;includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the "coverage term" in which it first became known by you.
- d. You will be deemed to know that "bodily injury" or "property damage" has occurred at the earliest time when any "authorized representative":
  - (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
  - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage";
  - (3) First observes, or reasonably should have first observed, the "bodily injury" or "property damage";
  - (4) Becomes aware, or reasonably should have become aware, by any means other than as described in (3) above, that "bodily injury" or "property damage" had occurred or had begun to occur; or
  - (5) Becomes aware, or reasonably should have become aware, of a

condition from which "bodily injury" or "property damage" is substantially certain to occur.

- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

## 2. Exclusions

This insurance does not apply to:

### a. Expected or Intended Injury

"Bodily injury" or "property damage" which may reasonably be expected to result from the intentional or criminal acts of the insured or which is in fact expected or intended by the insured, even if the injury or damage is of a different degree or type than actually expected or intended. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

### b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. When a claim for such "bodily injury" or "property damage" is made, we will defend that claim provided the insured has assumed the obligation to defend such claim in the "insured contract". Such defense payments will not reduce the limits of insurance.

### c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

### d. Workers' Compensation and Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

### e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured sustained in the "workplace";
- (2) An "employee" of the insured arising out of the performance of duties related to the conduct of the insured's business; or
- (3) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraphs (1) or (2) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

### f. Pollutant

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape or emission of "pollutants":

- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, Paragraph (a) does not apply to:

- 1) "Bodily injury" to any person injured while on any premises, site or location owned or occupied by, or rented or loaned to, you provided:

- a) The injury is caused by the inadequate ventilation of vapors;
- b) The person injured is first exposed to such vapors during the policy period; and
- c) Within 30 days of such first exposure, the person injured is clinically diagnosed or treated by a physician for the medical condition caused by the exposure to such vapors. However, Paragraph c) does not apply if the "bodily injury" is caused by vapors produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests.

This exception 1) shall apply only to Named Insureds; we shall have no duty to defend or pay damages for any person or organization that is not a Named Insured. However, this paragraph does not apply if the "bodily injury" is caused by vapors produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests.

For the purpose of the exception granted in Paragraph 1) only, vapors means any gaseous or airborne irritant or airborne contaminant, including smoke, fumes, vapor or soot, but excluding asbestos, which is discharged, dispersed, emitted, released or escapes from materials, machinery or equipment used in the service or maintenance of the premises. Vapors does not mean any gaseous or

airborne irritants or contaminants used in a manufacturing process or which is the product or by-product of any manufacturing process;

- 2) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor, and the owner or lessee of such premises, site or location has been added to this Coverage Part as an additional insured with respect to your ongoing operations or "your work" performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
- 3) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
  - 1) Any insured; or
  - 2) Any person or organization for whom you may be legally responsible;
- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, Paragraph (d) does not apply to:
  - 1) "Bodily injury" or "property damage" arising out of the discharge, dispersal, seepage, migration, release, es-



cape or emission of fuels, lubricants or other operating fluids, or exhaust gases, which are needed to perform, or are the result of, the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids, or exhaust gases, escape, seep or migrate, or are discharged, dispersed, released or emitted from a vehicle part designed to hold, store or receive them. This exception does not apply if the fuels, lubricants or other operating fluids, or exhaust gases, escape, seep or migrate, or are discharged, dispersed, released or emitted with the intent to cause "bodily injury" or "property damage" or with the knowledge that "bodily injury" or "property damage" is substantially certain to occur, or if such fuels, lubricants or other operating fluids, or exhaust gases, are brought on or to the premises, site or location with such intent to escape, seep or migrate, or be discharged, dispersed, released or emitted as part of the operations being performed by such insured, contractor or subcontractor;

- 2) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
- 3) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or

- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the op-

erations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

- (2) Any loss, cost or expense arising out of any:
  - (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
  - (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, Paragraphs (2)(a) and (b) do not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

#### g. Aircraft, Auto or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
  - (a) Less than 51 feet long; and

(b) Not being used to carry persons or property for a charge;

- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of:
  - (a) The operation of machinery or equipment that is on, attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged; or
  - (b) The operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

#### **h. Mobile Equipment**

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

#### **i. War**

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by

governmental authority in hindering or defending against any of these.

#### **j. Damage to Property**

"Property damage" to:

- (1) Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of an insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire or explosion) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days, for which the amount we will pay is limited to the Damage To Premises Rented To You Limit as described in **SECTION III - LIMITS OF INSURANCE**.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

#### **k. Damage to Your Product**

"Property damage" to "your product" arising out of it or any part of it.

**I. Damage to Your Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

**m. Damage to Impaired Property or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

**n. Recall of Products, Work or Impaired Property**

Any liability or damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

**o. Personal and Advertising Injury**

"Bodily injury" arising out of "personal and advertising injury".

**p. Asbestos**

"Bodily injury" or "property damage" arising out of, attributable to, or any way related to asbestos in any form or transmitted in any manner.

**q. Employment-Related Practices**

"Bodily injury" to:

- (1) A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or
  - (c) Other employment-related practices, policies, acts or omissions including but not limited to coercion, criticism, demotion, evaluation, failure to promote, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b) or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

**r. Additional Insured Prior Knowledge**

An additional insured added by attachment of an endorsement to this Coverage Part that is seeking coverage for a claim or "suit", if that additional insured knew, per the following paragraph, that "bodily injury" or "property damage" had occurred or had begun to occur, in whole or in part, prior to the "coverage term" in which such "bodily injury" or "property damage" occurs or begins to occur.

An additional insured added by attachment of an endorsement to this Coverage Part will be deemed to have known that "bodily injury" or "property damage" has occurred or has begun to occur at the earliest time when that additional insured, or any one of its owners, members, partners, managers, executive officers, "employees" assigned to manage that additional insured's insurance program, or "employees" assigned to give or receive notice of an "occurrence", "personal and advertising injury" offense, claim or "suit":

- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage";
- (3) First observes, or reasonably should have first observed, the "bodily injury" or "property damage";
- (4) Becomes aware, or reasonably should have become aware, by any means other than as described in (3) above, that "bodily injury" or "property damage" had occurred or had begun to occur; or
- (5) Becomes aware, or reasonably should have become aware, of a condition from which "bodily injury" or "property damage" is substantially certain to occur.

**s. Electronic Data**

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

**t. Distribution of Material in Violation of Statutes**

Bodily injury or property damage arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- c. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

Exclusions c. through q. do not apply to "property damage" by fire or explosion to premises while rented to you or temporarily occupied by you with permission of the owner, for which the amount we will pay is limited to the Damage to Premises Rented To You Limit as described in **SECTION III - LIMITS OF INSURANCE**.

**COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY**

**1. Insuring Agreement**

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:
  - (1) The amount we will pay for damages is limited as described in **SECTION III - LIMITS OF INSURANCE**; and
  - (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY; SECTION I - COVERAGES, COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY**; or medical expenses under **SECTION I - COVERAGES, COVERAGE C. MEDICAL PAYMENTS**.

No other obligation or liability to pay sums or perform acts or services is covered unless expressly provided for under **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B**.

- b. This insurance applies to "personal and advertising injury" only if:
  - (1) The "personal and advertising injury" is caused by an offense arising out of your business; and
  - (2) The "personal and advertising injury" offense was committed in the "coverage territory" during the policy period; and
  - (3) Prior to the "coverage term" in which the "personal and advertising injury" offense is committed, you did not know, per Paragraph 1.d. below, that the offense had been committed or had begun to be committed, in whole or in part.
- c. "Personal and advertising injury" caused by an offense which:
  - (1) Was committed during the "coverage term"; and

- (2) Was not, prior to the "coverage term", known by you, per Paragraph 1.d. below, to have been committed;

includes any continuation, change or resumption of that offense after the end of the "coverage term" in which it first became known by you.

- d. You will be deemed to know that a "personal and advertising injury" offense has been committed at the earliest time when any "authorized representative":

- (1) Reports all, or any part, of the "personal and advertising injury" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "personal and advertising injury";
- (3) First observes, or reasonably should have first observed, the offense that caused the "personal and advertising injury";
- (4) Becomes aware, or reasonably should have become aware, by any means, other than as described in (3) above, that the offense had been committed or had begun to be committed; or
- (5) Becomes aware, or reasonably should have become aware, of a condition from which "personal and advertising injury" is substantially certain to occur.

## 2. Exclusions

This insurance does not apply to:

### a. Knowing Violation of Rights of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

### b. Material Published With Knowledge of Falsity

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

### c. Material Published Prior to Coverage Term

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the later of the following:

- (1) The inception of this Coverage Part; or
- (2) The "coverage term" in which insurance coverage is sought.

### d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

### e. Contractual Liability

"Personal and advertising injury" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "personal and advertising injury" is caused by or arises out of an offense committed subsequent to the execution of the contract or agreement. When a claim for such "personal and advertising injury" is made, we will defend that claim, provided the insured has assumed the obligation to defend such claim in the "insured contract". Such defense payments will not reduce the limits of insurance.

### f. Breach of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

### g. Quality or Performance of Goods - Failure to Conform to Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

### h. Wrong Description of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

### i. Infringement of Copyright, Patent, Trademark or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, pat-

ent, trademark, trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

**j. Insureds in Media and Internet Type Businesses**

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web-sites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 17. a., b. and c. of "personal and advertising injury" under **SECTION V - DEFINITIONS.**

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet is not, by itself, considered the business of advertising, broadcasting, publishing or telecasting.

**k. Electronic Chatrooms or Bulletin Boards**

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board any insured hosts, owns, or over which any insured exercises control.

**l. Unauthorized Use of Another's Name or Product**

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

**m. Employment Related Practices**

"Personal and advertising injury" to:

- (1) A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or
  - (c) Other employment-related practices, policies, acts or omissions including but not limited to coercion, criticism, demotion, evaluation, failure to promote, reassignment, discipline, defamiation, harassment, humiliation

or discrimination directed at that person; or

- (2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b) or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

**n. Pollutant**

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape or emission of "pollutants" at any time.

**o. Pollutant-Related**

Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

**p. Asbestos**

"Personal and advertising injury" arising out of, attributable to, or any way related to asbestos in any form or transmitted in any manner.

**q. Additional Insured Prior Knowledge**

An additional insured added by attachment of an endorsement to this Coverage Part that is seeking coverage for a claim or "suit", if that additional insured knew, per the following paragraph, that a "personal and advertising injury" offense had been committed or had begun to be committed, in whole or in part, prior to the "coverage term" in which such offense

was committed or began to be committed.

An additional insured added by attachment of an endorsement to this Coverage Part will be deemed to have known that a "personal and advertising injury" offense has been committed or has begun to be committed at the earliest time when that additional insured, or any one of its owners, members, partners, managers, executive officers, "employees" assigned to manage that additional insured's insurance program, or "employees" assigned to give or receive notice of an "occurrence", "personal and advertising injury" offense, claim or "suit":

- (1) Reports all, or any part, of the "personal and advertising injury" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "personal and advertising injury";
- (3) First observes, or reasonably should have first observed, the offense that caused the "personal and advertising injury";
- (4) Becomes aware, or reasonably should have become aware, by any means other than as described in (3) above, that the "personal and advertising injury" offense had been committed or had begun to be committed; or
- (5) Becomes aware, or reasonably should have become aware, of a condition from which "personal and advertising injury" is substantially certain to occur.

**r. War**

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**s. Distribution of Material in Violation of Statutes**

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- c. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

**COVERAGE C. MEDICAL PAYMENTS**

**1. Insuring Agreement**

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent; or
- (3) Because of your operations;

provided that:

- (1) The accident takes place in the "coverage territory" and during the policy period;
- (2) The expenses are incurred and reported to us within three years of the date of the accident; and
- (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

**2. Exclusions**

We will not pay expenses for "bodily injury":

**a. Any Insured**

To any insured, except "volunteer workers".

**b. Hired Person**

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

**c. Injury on Normally Occupied Premises**

To a person injured on that part of premises you own or rent that the person normally occupies.

**d. Workers' Compensation and Similar Laws**

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

**e. Athletic Activities**

To any person injured while officiating, coaching, practicing for, instructing or participating in any physical exercises or games, sports, or athletic contests or exhibitions of an athletic or sports nature.

**f. Products-Completed Operations Hazard**

Included within the "products-completed operations hazard".

**g. Coverage A Exclusions**

Excluded under **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY.**

**SUPPLEMENTARY PAYMENTS - COVERAGES A AND B**

We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

1. All expenses we incur.
2. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
3. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
4. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", in-

cluding actual loss of earnings up to \$250 a day because of time off from work.

5. All costs taxed against the insured in the "suit".
6. Prejudgment interest awarded against the insured on that part of the judgment we become obligated to pay and which falls within the applicable limit of insurance. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
7. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

**SECTION II - WHO IS AN INSURED**

1. If you are designated in the Declarations as:
  - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
  - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
  - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
  - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
  - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:
  - a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts



within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or
- (d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

- (a) Owned, occupied or used by; or
  - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by, you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
- (1) With respect to liability arising out of the maintenance or use of that property; and

(2) Until your legal representative has been appointed.

d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Insurance under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- b. **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. **COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

### SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- a. Insureds;
- b. Claims made or "suits" brought; or
- c. Persons or organizations making claims or bringing "suits".

2. a. The General Aggregate Limit is the most we will pay for the sum of:

- (1) Medical expenses under **COVERAGE C. MEDICAL PAYMENTS**;
- (2) Damages under **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and

(3) Damages under **COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY.**

This General Aggregate Limit will not apply if either the Location General Aggregate Limit of Insurance, Paragraph 2.b., or the Construction Project General Aggregate Limit of Insurance, Paragraph 2.c. applies.

- b. A separate Location General Aggregate Limit of Insurance, equal to the amount of the General Aggregate Limit shown in the Declarations, shall apply to each location owned by, or rented or leased to you and is the most we will pay for the sum of:

(1) Damages under **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and

(2) Medical expenses under **COVERAGE C. MEDICAL PAYMENTS**,

which can be attributed to operations at only a single location owned by, or rented or leased to you.

- c. A separate Construction Project General Aggregate Limit of Insurance, equal to the amount of the General Aggregate Limit shown in the Declarations, shall apply to each construction project and is the most we will pay for the sum of:

(1) Damages under **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and

(2) Medical expenses under **COVERAGE C. MEDICAL PAYMENTS**;

which can be attributed only to ongoing operations and only at a single construction project.

- d. Only for the purpose of determining which General Aggregate Limit of Insurance, 2.a., 2.b., or 2.c., applies:

(1) Location means premises involving the same or connecting lots, or premises, whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

(2) Construction project means a location you do not own, rent or lease

where ongoing improvements, alterations, installation, demolition or maintenance work is performed by you or on your behalf. All connected ongoing improvements, alterations, installation, demolition or maintenance work performed by you or on your behalf at the same location for the same persons or organizations, no matter how often or under how many different contracts, will be deemed to be a single construction project.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".

4. Subject to 2.a. above, the Personal and Advertising Injury Limit is the most we will pay under **COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.

5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:

a. Damages under **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**; and

b. Medical expenses under **COVERAGE C. MEDICAL PAYMENTS**;

because of all "bodily injury" and "property damage" arising out of any one "occurrence".

6. Subject to 5. above, the Damage to Premises Rented to You Limit is the most we will pay under **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire or explosion, while rented to you or temporarily occupied by you with permission of the owner.

7. Subject to 5. above, the Medical Expense Limit is the most we will pay under **COVERAGE C. MEDICAL PAYMENTS** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each "coverage term".

## SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

### 1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

### 2. Duties in the Event of Occurrence, Offense, Claim or Suit

a. You must see to it that we are notified as soon as practicable of an "occurrence" or a "personal and advertising injury" offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

### 3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

### 4. Liberalization

If, within 60 days prior to the beginning of this Coverage Part or during the policy period, we make any changes to any forms or endorsements of this Coverage Part for which there is currently no separate premium charge, and that change provides more coverage than this Coverage Part, the change will automatically apply to this Coverage Part as of the latter of:

- a. The date we implemented the change in your state; or
- b. The date this Coverage Part became effective; and

will be considered as included until the end of the current policy period. We will make no additional premium charge for this additional coverage during the interim.

### 5. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY** or **COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY** of this Coverage Part, our obligations are limited as follows:

#### a. Primary Insurance

This insurance is primary except when **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in **c.** below.

#### b. Excess Insurance

This insurance is excess over:

(1) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar insurance for "your work";

(b) That is Fire or Explosion insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

(d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions, g. Aircraft, Auto or Watercraft.**

(2) Any other primary insurance available to the insured covering liability for damages arising out of the premises or operations, or the products and completed operations, for which the insured has been added as an additional insured by attachment of an endorsement.

(3) Any other insurance:

(a) Whether primary, excess, contingent or on any other basis, except when such insurance is written specifically to be excess over this insurance; and

(b) That is a consolidated (wrap-up) insurance program which has been provided by the prime contractor/project manager or owner of the consolidated project in which you are involved.

When this insurance is excess, we will have no duty under **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY** or **COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

#### c. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

#### 6. Premium Audit

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If:

(1) The earned premium is less than the deposit premium, we will return the excess to the first Named Insured; or

(2) The earned premium is greater than the deposit premium, the difference will be due and payable to us by the first Named Insured upon notice from us.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

## 7. Representations

By accepting this Coverage Part, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this Coverage Part in reliance upon your representations.

## 8. Separation of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

## 9. Transfer of Rights of Recovery Against Others to Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

## 10. Two or More Coverage Forms or Policies Issued by Us

If this Coverage Part and any other Coverage Form, Coverage Part or policy issued to you by us or any company affiliated with us apply to the same "occurrence" or "personal and advertising injury" offense, the aggregate maximum limit of insurance under all the Coverage Forms, Coverage Parts or policies shall not exceed the highest applicable limit of insurance under any one Coverage Form, Coverage Part or policy. This condition does not apply to any Coverage Form, Coverage Part or policy issued by us or an affiliated company specifically to apply as excess insurance over this Coverage Part.

## 11. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

## SECTION V - DEFINITIONS

1. "Advertisement" means a notice that is broadcast, telecast or published to the general pub-

lic or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. "Advertisement" includes a publicity article. For purposes of this definition:

- a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
- b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an "advertisement".

2. "Authorized representative" means:

- a. If you are designated in the Declarations as:
  - (1) An individual, you and your spouse are "authorized representatives".
  - (2) A partnership or joint venture, your members, your partners, and their spouses are "authorized representatives".
  - (3) A limited liability company, your members and your managers are "authorized representatives".
  - (4) An organization other than a partnership, joint venture or limited liability company, your "executive officers" and directors are "authorized representatives". Provided you are not a publicly traded organization, your stockholders are also "authorized representatives".
  - (5) A trust, your trustees are "authorized representatives".
- b. Your "employees":
  - (1) Assigned to manage your insurance program; or
  - (2) Responsible for giving or receiving notice of an "occurrence", "personal and advertising injury" offense, claim or "suit";are also "authorized representatives".

3. "Auto" means:

- a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
- b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

4. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
5. "Coverage term" means the following individual increment, or if a multi-year policy period, increments, of time, which comprise the policy period of this Coverage Part:
  - a. The year commencing on the Effective Date of this Coverage Part at 12:01 AM standard time at your mailing address shown in the Declarations, and if a multi-year policy period, each consecutive annual period thereafter, or portion thereof if any period is for a period of less than 12 months, constitute individual "coverage terms". The last "coverage term" ends at 12:00 AM standard time at your mailing address shown in the Declarations on the earlier of:
    - (1) The day the policy period shown in the Declarations ends; or
    - (2) The day the policy to which this Coverage Part is attached is terminated or cancelled.
  - b. However, if after the issuance of this Coverage Part, any "coverage term" is extended for an additional period of less than 12 months, that additional period of time will be deemed to be part of the last preceding "coverage term".
6. "Coverage territory" means:
  - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
  - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in a. above; or
  - c. All other parts of the world if the injury or damage arises out of:
    - (1) Goods or products made or sold by you in the territory described in a. above;
    - (2) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; or
    - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication,provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement to which we agree.
7. "Electronic data" means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
8. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
9. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
10. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
11. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
  - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
  - b. You have failed to fulfill the terms of a contract or agreement;if such property can be restored to use by:
  - a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
  - b. Your fulfilling the terms of the contract or agreement.
12. "Insured contract" means:
  - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for "property damage" by fire or explosion to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
  - b. A sidetrack agreement;
  - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
  - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury", "property damage" or "personal and advertising injury" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury", "property damage" or "personal and advertising injury" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
  - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph (2) above and supervisory, inspection, architectural or engineering activities;
- (4) That indemnifies an advertising, public relations or media consulting firm for "personal and advertising injury" arising out of the planning, execution or failure to execute marketing communications programs. Marketing communications programs include but are not limited to comprehensive marketing campaigns; consumer, trade and corporate advertising for all media; media planning, buying, monitoring and analysis; direct mail; promotion; sales materials; design; presentations; point-of-sale materi-

als; market research; public relations and new product development;

- (5) Under which the insured, if an advertising, public relations or media consulting firm, assumes liability for "personal and advertising injury" arising out of the insured's rendering or failure to render professional services, including those services listed in Paragraph (4), above;
- (6) That indemnifies a web-site designer or content provider, or Internet search, access, content or service provider for injury or damage arising out of the planning, execution or failure to execute Internet services. Internet services include but are not limited to design, production, distribution, maintenance and administration of web-sites and web-banners; hosting web-sites; registering domain names; registering with search engines; marketing analysis; and providing access to the Internet or other similar networks; or
- (7) Under which the insured, if a web-site designer or content provider, or Internet search, access, content or service provider, assumes liability for injury or damage arising out of the insured's rendering or failure to render Internet services, including those listed in Paragraph (6), above.

13. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" includes supervisors furnished to you by the labor leasing firm. "Leased worker" does not include a "temporary worker".

14. "Loading or unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

15. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
  - (1) Power cranes, shovels, loaders, diggers or drills; or
  - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
  - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
  - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
  - (a) Snow removal;
  - (b) Road maintenance, but not construction or resurfacing; or
  - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered autos.

16. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
17. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
  - a. False arrest, detention or imprisonment;
  - b. Malicious prosecution;
  - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
  - d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  - e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
  - f. The use of another's advertising idea in your "advertisement"; or
  - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
18. "Pollutant" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, petroleum, petroleum products and petroleum by-products, and waste. Waste includes materials to be recycled, reconditioned or reclaimed. "Pollutants" include but are not limited to substances which are generally recognized in industry or government to be harmful or toxic to persons, property or the environment regardless of whether the injury or damage is caused directly or indirectly by the "pollutants" and whether:
  - a. The insured is regularly or otherwise engaged in activities which taint or degrade the environment; or
  - b. The insured uses, generates or produces the "pollutant".
19. "Products-completed operations hazard":
  - a. Includes all "bodily injury" and "property damage" occurring away from premises



you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
  - (a) When all of the work called for in your contract has been completed; or
  - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site; or
  - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, listed in the Declarations or in a schedule, states that products-completed operations are included.

20. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, "electronic data" is not tangible property.

21. "Suit" means a civil proceeding in which money damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent;
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent; or
- c. An appeal of a civil proceeding.

22. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

23. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

24. "Workplace" means that place and during such hours to which the "employee" sustaining "bodily injury" was assigned by you, or any other person or entity acting on your behalf, to work on the date of "occurrence".

25. "Your product":

a. Means:

(1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

- (a) You;
- (b) Others trading under your name; or
- (c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

- (2) The providing of or failure to provide warnings or instructions.
  - c. Does not include vending machines or other property rented to or located for the use of others but not sold.
- 26. "Your work":
  - a. Means:
    - (1) Work or operations performed by you or on your behalf; and
    - (2) Materials, parts or equipment furnished in connection with such work or operations.
  - b. Includes:
    - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
    - (2) The providing of or failure to provide warnings or instructions.

# NUCLEAR ENERGY LIABILITY EXCLUSION (Broad Form)

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

- (1) With respect to which an insured under this Coverage Part is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada, or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the insured is, or had this Coverage Part not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of "nuclear material", if:

- (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an insured, or (b) has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an insured; or
- (3) The "bodily injury" or "property damage" arises out of the furnishing by

an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this exclusion:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

A. Any "nuclear reactor";

B. Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";

C. Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

D. Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## VIRGINIA CHANGES - COMMERCIAL GENERAL LIABILITY

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. Paragraph 3. of SECTION II - WHO IS AN INSURED** is replaced by the following:
- 3.** Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as an insured if there is no other similar insurance available to that organization. However:
- a.** Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
  - b.** Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
  - c.** Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.
- B. Paragraph (5) of Exclusion g. Aircraft, Auto or Watercraft** is replaced by the following:
- (5)** "Bodily injury" or "property damage" arising out of:
- (a)** The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
  - (b)** The operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".
- C. Paragraph 3. of Section V - Definitions** is replaced by the following:
- 3.** "Auto" means:
- a.** A land motor vehicle, trailer or semi-trailer designated for travel on public roads, including any attached machinery or equipment; or
  - b.** Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.
- D. The last paragraph of the "mobile equipment" definition of Section V - Definitions** is replaced by the following:
- However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## HIRED AUTO AND NON-OWNED AUTO LIABILITY

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The insurance provided under **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY** applies to "bodily injury" or "property damage" arising out of the:

1. Maintenance or use of a "hired auto" by you or your "employees" in the course of your business; and
2. Use of any "non-owned auto" in your business by any person.

B. For insurance provided by this endorsement only:

1. The exclusions under **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions**, other than exclusions **a. Expected or Intended Injury, b. Contractual Liability, d. Workers' Compensation and Similar Laws, f. Pollutant, i. War and the NUCLEAR ENERGY LIABILITY EXCLUSION (Broad Form)** are deleted and replaced by the following:

a. "Bodily injury" to:

- (1) An "employee" of the insured sustained in the "workplace";
- (2) An "employee" of the insured arising out of the performance of duties related to the conduct of the insured's business; or
- (3) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraphs (1) or (2) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of injury.

This exclusion does not apply to:

- (1) Liability assumed by the insured under an "insured contract"; or
- (2) "Bodily injury" arising out of and in the course of domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers' compensation law.

b. "Property damage" to:

- (1) Property owned or being transported by, or rented or loaned to the insured; or
- (2) Property in the care, custody or control of the insured.

2. For insurance provided by this endorsement only, **SECTION II - WHO IS AN INSURED** is deleted and replaced by the following:

Each of the following is an insured under this insurance to the extent set forth below:

- a. You;
- b. Any other person using a "hired auto" with your permission;
- c. For a "non-owned auto", any partner or "executive officer" of yours, but only while such "non-owned auto" is being used in your business; and
- d. Any other person or organization, but only with respect to their liability because of acts or omissions of an insured under **a., b. or c.** above.

None of the following is an insured:

- a. Any person engaged in the business of his or her employer for "bodily injury" to any co-"employee" of such person injured in the course of employment, or to the spouse, child, parent, brother or sister of that co-"employee" as a consequence of such "bodily injury", or for any obli-

gation to share damages with or repay someone else who must pay damages because of the injury;

- b. Any partner or "executive officer" for any "auto" owned by such partner or officer or a member of his or her household;
  - c. Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate;
  - d. The owner or lessee (of whom you are sublessee) of a "hired auto" or the owner of a "non-owned auto" or any agent or "employee" of any such owner or lessee;
  - e. Any person or organization for the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.
3. For insurance provided by this endorsement only, **SECTION V - DEFINITIONS** is amended to include the following:

- 1. "Auto business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".
- 2. "Hired "auto" means only those "autos" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent, or borrow from any of your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households.
- 3. "Nonowned auto" means only those "autos" you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes "autos" owned by your "employees", partners (if you are a partnership), members (if you are a limited liability company), or members of their households but only while used in your business or your personal affairs.



# 2004 NOTICE TO POLICYHOLDERS

## COMMERCIAL GENERAL LIABILITY COVERAGE

### FORM AND ENDORSEMENTS

This is a summary of the major changes to **GA 101** Commercial General Liability Coverage Form and related endorsements. No coverage is provided by this summary nor can it be construed to replace any provisions of your policy or endorsements. You should read your policy and review your declaration page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THIS POLICY SHALL PREVAIL.**

The areas within the policy that broaden, reduce or clarify coverage are highlighted below. This notice does not reference every editorial change made in your policy.

#### **BROADENINGS IN COVERAGE TO GA 101 12 04 - Commercial General Liability Coverage Form**

##### **POLLUTION EXCLUSION**

The exception to the Pollution Exclusion which provides coverage for bodily injury arising out of smoke, fumes, vapors or soot from building heating equipment has been expanded to also include water heaters and cooling and dehumidifying equipment in a building.

##### **CONDITIONS**

We have revised the Liberalization Condition so that it applies to changes made 60 days rather than 45 days prior to the inception of the policy period.

#### **REDUCTIONS IN COVERAGE TO GA 101 12 04 - Commercial General Liability Coverage Form**

##### **REVISED MOBILE EQUIPMENT COVERAGE:**

The definitions of "mobile equipment" and "auto" have been revised. Any land vehicle that had been classified as a piece of mobile equipment under your previous policy, will now be considered an auto if that vehicle is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. With this change, coverage is no longer provided for these types of land vehicles since they are now defined to be autos rather than mobile equipment and subject to the Aircraft, Auto and Watercraft exclusion in your policy. However, the operation of machinery or equipment that is attached to, or part of, such a vehicle will still be covered by your policy.

A corresponding definition change has been made to the Commercial Automobile. Mobile equipment which was excluded from the automobile policy will now meet the definition of "auto" if it is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

##### **EXCLUSION - ELECTRONIC DATA**

An exclusion for Electronic Data has been added to **GA 101** to reinforce that coverage for electronic data is not intended to be provided. This may be considered a reduction in coverage.

##### **EXCLUSION - VIOLATION OF STATUTES THAT GOVERN E-MAILS, FAX, PHONE CALLS OR OTHER METHODS OF SENDING MATERIAL OR INFORMATION**

An exclusion has been added to **GA 101** to exclude coverage for bodily injury and property damage under Coverage **A.** and personal and advertising injury under Coverage **B.** which arises directly or indirectly out of any action or omission that violates or is alleged to violate the Telephone Consumer Protection Act (TCPA), the CAN-SPAM Act of 2003, including any amendments of or addition to such laws, or any other statute, ordinance or regulation that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

This is a reduction in coverage in states where, absent the exclusion, courts would consider coverage to be provided for violations of the afore mentioned acts or of other similar statutes, regulations or ordinances.

## **EXCLUSION - MEDICAL PAYMENTS - ATHLETICS ACTIVITIES**

The Athletics Activities exclusion under Coverage C - Medical Payments has been revised to more clearly express what types of athletic activities are excluded with respect to medical payments. Medical expenses are not intended to be provided to a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests. This may be considered a reduction in coverage.

## **DEFINITIONS**

The definition of Pollutant is amended to specifically mention petroleum in addition to petroleum products and petroleum by-products.

## **CLARIFICATIONS OR NO IMPACT IN COVERAGE TO GA 101 12 04 - Commercial General Liability Coverage Form**

### **WAR EXCLUSION**

We have incorporated the war exclusion (formerly added via mandatory endorsement) into the coverage form. If the War Liability exclusion endorsement had not already been added to your policy, this is a reduction in coverage.

### **POLLUTANT EXCLUSION**

The Pollutant Exclusion is amended to use certain terms, "discharge, dispersal, seepage, migration, release, escape or emission", consistently throughout the exclusion.

### **MATERIAL PUBLISHED PRIOR TO COVERAGE TERM**

This exclusion which applies to only personal and advertising injury is clarified as to when coverage will not apply.

### **OTHER INSURANCE**

Prior to this revision, if you were added as an additional insured to another policy, the policy would be excess over that insurance for damages arising out of the premises or operations. The Other Insurance Condition has been revised so that now if you are added as an additional insured to another policy this policy is excess over that insurance for damages arising out of both the premises or operations and products and completed operations.

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## **ENDORSEMENTS**

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### **BROADENINGS IN COVERAGE**

**GA 4136 12 04 - Pollution Exclusion - Named Peril Limited Exception for a Short Term Pollution Event**

**GA 4137 12 04 - Pollution Exclusion - Limited Exception for a Short-Term Pollution Event**

**GA 368 12 04 - Total Pollution Exclusion with a Building Equipment Exception and a Hostile Fire Exception**

The exception to the Pollution Exclusion in these endorsements which provides coverage for bodily injury arising out of smoke, fumes, vapors or soot from building heating equipment has been expanded to also include water heaters and cooling and dehumidifying equipment in a building.

**GA 367 12 04 - Exclusion - Internet Service Providers and Internet Access Providers Errors and Omissions**

**CG 22 99 12 04 - Professional Liability Exclusion - Web-Site Designers**

With this revised endorsement attached to your policy, internet providers and web-site designers are provided personal and advertising injury coverage for false arrest, malicious prosecution and wrongful eviction offenses. This coverage was not previously afforded under your policy.

**GA 4145 12 04 - Principals Protective Liability Coverage**

The exception to the Pollution Exclusion in this endorsement which provides coverage for bodily injury arising out of smoke, fumes, vapors or soot from building heating equipment has been expanded to also include water heaters and cooling and dehumidifying equipment. The Pollutant Exclusion is also

amended to use certain terms, "discharge, dispersal, seepage, migration, release, escape or emission", consistently throughout the exclusion.

## REDUCTIONS IN COVERAGE

### Existing Endorsements

#### GA 366 12 04 - Exclusion - Volunteer Workers

If you previously had volunteer workers who operated autos, aircraft or watercraft not owned by, or rented or loaned to any insured, liability arising out of the ownership, maintenance or entrustment to others of any aircraft, auto or watercraft operated by volunteer workers will no longer be covered under your policy.

### New Endorsements

#### GA 397 08 04 - Exclusion - Silica

This exclusion excludes coverage for bodily injury and property damage under Coverage A and personal and advertising injury under Coverage B for any injury or damage arising from silica or any derivative of silica.

#### CG 23 01 12 04 - Exclusion - Real Estate Agents Errors or Omissions

#### GA 395 04 04 - Exclusion - Travel Agents Errors or Omissions

#### GA 396 04 04 - Exclusion - Lawyers Professional

These new endorsements may replace another version in which a profession was specified or may be new to your policy. The professional services of a real estate agent, travel agent or lawyer will be excluded. To the extent that professional services may be covered under your policy, attachment of this endorsement may result in a reduction of coverage.

## CLARIFICATIONS OR NO IMPACT IN COVERAGE

#### GA 237 12 04 - Electronic Data Liability

This revised endorsement indicates that the Electronic Data Exclusion that was added to your General Liability coverage form(s) does not apply to the coverage provided under this endorsement.

## OTHER COVERAGE PARTS WHICH MAY IMPACT YOU

#### GA 115 12 04 - Liquor Liability Coverage Form (Occurrence)

Prior to this revision, this exclusion precluded coverage when your liquor license was suspended, expired, cancelled or revoked. The exclusion has been revised so that now it applies if your liquor license was suspended, expired, cancelled, revoked or not in effect.

#### PA 109 12 04 - Cemetery Liability

The form is reorganized but the coverages remain unchanged. We also change the statement "in the charge of the insured" to "in the care, custody or control of the insured" to parallel usage under the **GA 101**.

#### PA 121 12 04 - Funeral Service Provider Professional Liability and all state variations of this form

The form is amended to correspond to language and references within **GA 101**. We delete references to policy period and refer the defined term "coverage term". The reference in Who is an Insured is amended to Paragraph **3**, instead of **4**. Under Duties we clarify that offense refers to "personal and advertising injury" and the nature of the cooperation required. We clarify that related incidents will be treated as one and as having occurred in the earliest "coverage term".



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ADDITIONAL INSURED - ASSOCIATIONS**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE PART**

WHO IS AN INSURED (Section II) is amended to include each individual unit owner, but only with respect to liability as a member of the insured association and not with respect to any liability arising out of the ownership, maintenance, use or repair of the real property to which the unit owner has title.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ADDITIONAL INSURED - MANAGERS OR LESSORS OF PREMISES**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE PART SCHEDULE**

1. Designation of Premises (Part Leased to You):

**598 PARCHMENT BLVD  
WILLIAMSBURG VA 23185**

2. Name of Person or Organization (Additional Insured):

**COUNTY OF YORK  
YORK COUNTY SCHOOL BOARD  
302 DARE ROAD  
YORKTOWN VA 23692**

**SECTION II - WHO IS AN INSURED** is amended to include as an insured the person or organization shown in the Schedule but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person or organization shown in the Schedule.
3. "Bodily injury", "property damage" or "personal and advertising injury" arising out of the sole negligence or willful misconduct of the additional insured or its "employees".

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**BODILY INJURY EXCEPTIONS TO POLLUTANT EXCLUSION**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

For purposes of insurance provided by this endorsement:

**1. Sudden and Accidental Exception**

Exclusion f. **Pollutant, (1)(a) and (1)(d) of SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY** do not apply to "bodily injury" provided:

- a. The "release" of "pollutants" from which the "bodily injury" arises is "sudden" and "accidental"; and
- b. The injured person's first exposure to such "pollutants" occurred during the policy period; and
- c. The injured person is clinically diagnosed or treated by a physician for the "bodily injury" caused by exposure to such "pollutants" within one year of such first exposure.

**2. Amendment to On Premises Exception**

The on premises exception to the Pollutant Exclusion, f.(1)(a)1 c) of **SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, is deleted in its entirety and replaced by the following:

- c) Within one year of such first exposure, the person injured is clinically diagnosed or treated by a physician for the medical condition caused by the exposure to such vapors. However, Paragraph c) does not apply if the "bodily injury" is caused by vapors produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests.

**3. Off Premises Exception**

Exclusion f. **Pollutant (1)(d) of SECTION I - COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY** does not apply to "bodily injury" that is caused by "gaseous or airborne pollutants" provided:

- a. The injured person's first exposure to "gaseous or airborne pollutants" occurred during the policy period; and

- b. The injured person is clinically diagnosed or treated by a physician for the "bodily injury" caused by the exposure to "gaseous or airborne pollutants" within one year of such first exposure.

**4. Amended Who Is An Insured**

As respects the insurance provided by Paragraphs 1. and 3. of this endorsement, the **Sudden and Accidental Exception** and the **Off Premises Exception, SECTION II - WHO IS AN INSURED** is deleted in its entirety and replaced by the following:

The coverage afforded shall apply only to Named Insureds. We shall have no duty to defend or pay damages for any person or organization that is not a Named Insured.

**5. SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS 5. Other Insurance b. Excess Insurance** is amended to include the following:

The insurance provided by Paragraphs 1. **Sudden and Accidental Exception** and 3. **Off Premises Exception**, of this endorsement is excess over any other valid and collectible insurance, whether primary, excess, contingent or on any other basis, except insurance written specifically to cover as excess over the limits of insurance that apply in this endorsement.

**6. As respects the insurance provided by Paragraphs 1. and 3. of this endorsement, SECTION V - DEFINITIONS** is amended to add the following:

1. "Accidental" means unintended and unexpected.
2. "Gaseous or airborne pollutants" means "pollutants" which:
  - (a) Are a gas, smoke, fume, vapor or other similar airborne substance; and
  - (b) Are the result of the "release" of such "pollutants" from materials, machinery or equipment brought on or to the "work site" by any Named Insured or any "employees", contractors or subcontractors working di-

rectly or indirectly on any Named Insured's behalf.

"Gaseous or airborne pollutants" does not include asbestos or lead.

3. "Release" means actual discharge, dispersal, seepage, migration, release, escape or emission.
4. "Sudden" means abrupt, immediate and brief as well as unexpected and without prior notice. "Sudden" has a temporal element which requires that the "release" of "pollutants" begins and ends within a brief period of time. A "release" of a

"pollutant" which results from a series of ongoing events which constitute a course of conduct or course of business is not "sudden".

5. "Work site" means any premises, site or location while a Named Insured or a Named Insured's "employees", contractors or subcontractors are performing operations directly or indirectly on the Named Insured's behalf, provided the premises, site or location is not owned or occupied by or rented or loaned to a Named Insured.



**PROFESSIONAL LIABILITY**

# THE CINCINNATI INSURANCE COMPANY

A Stock Insurance Company

## CONDOMINIUM OR HOMEOWNERS ASSOCIATIONS WRONGFUL ACTS COVERAGE PART DECLARATIONS

Attached to and forming part of POLICY NUMBER: CPP 086 51 69 Effective Date: 08-14-2008

Named Insured: **IS THE SAME AS IT APPEARS ON THE COMMON POLICY DECLARATIONS**

### LIMITS OF INSURANCE

Each Claim Limit           \$ 1,000,000  
Aggregate Limit            \$ 1,000,000

| CLASSIFICATION                                              | CODE  | ADVANCE PREMIUM |
|-------------------------------------------------------------|-------|-----------------|
| <input type="checkbox"/> Condominium Associations           | 20150 |                 |
| <input checked="" type="checkbox"/> Homeowners Associations | 20155 | \$ <u>INCL</u>  |

FORMS AND/OR ENDORSEMENTS APPLICABLE TO THIS COVERAGE PART:

**PA110   12/99   PA406   07/87   PA408   07/88   PA4023   03/04**  
**PA4025   11/04   PA497   12/99   PA314   03/04   PA315   11/04**

**QUICK REFERENCE  
CONDOMINIUM OR HOMEOWNERS ASSOCIATIONS  
WRONGFUL ACTS COVERAGE FORM**

**READ YOUR POLICY CAREFULLY**

**DECLARATIONS PAGES**

Named Insured and Mailing Address  
Policy Period  
Description of Business and Location  
Coverages and Limits of Insurance

**SECTION I - COVERAGES**

**Beginning on Page**

Insuring Agreement ..... 1  
Exclusions ..... 1  
Supplementary Payments ..... 1

**SECTION II - WHO IS AN INSURED** ..... 2

**SECTION III - LIMITS OF INSURANCE** ..... 2

**SECTION IV - CONDITIONS** ..... 2

Bankruptcy ..... 2  
Duties In The Event Of Occurrence, Claim Or Suit ..... 2  
Legal Action Against Us ..... 2-3  
Other Insurance ..... 3  
Representations ..... 3  
Separation Of Insureds ..... 3  
Three- Or Five-Year Policies ..... 3  
Transfer Of Rights Of Recovery Against Others To Us ..... 3

**SECTION V - DEFINITIONS** ..... 3

**COMMON POLICY CONDITIONS**

Cancellation  
Changes  
Examination of Your Books and Records  
Inspection and Surveys  
Premiums  
Transfer of Your Rights and Duties under this Policy

**ENDORSEMENTS (If Any)**

# CONDOMINIUM OR HOMEOWNERS ASSOCIATIONS WRONGFUL ACTS COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and what is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under SECTION II - WHO IS AN INSURED.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION V - DEFINITIONS.

## SECTION I - COVERAGES

### 1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "wrongful acts" committed by the insured "directors and officers" solely in the conduct of their management responsibilities for the Condominium or Homeowners Association. This insurance applies only to "wrongful acts" which:

- (1) Occur during the policy period; or
- (2) Occurred prior to the effective date of this coverage provided that:
  - (a) No insured had knowledge of a "claim" or "suit" on the effective date of this Coverage Part; and
  - (b) There is no other applicable insurance.

The "wrongful acts" must take place in the "coverage territory". We will have the right and duty to defend any "suit" seeking those damages. But:

- (1) The amount we will pay for damages is limited as described in SECTION III - LIMITS OF INSURANCE;
- (2) We may investigate and settle any "claim" or "suit" at our discretion; and
- (3) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under coverage provided by this form.

### 2. Exclusions

This insurance does not apply to:

- a. Any act, error or omission that is dishonest, criminal or malicious, including fines or penalties resulting therefrom.
- b. Bodily injury, sickness, disease or death to any person, or to injury to or destruction of any tangible property, including the loss of use thereof, or "personal injury".
- c. Profits or losses including an accounting thereof, resulting from the purchase or sale of any securities.

- d. Salaries, compensation, or bonuses of employees, directors, or officers.
  - e. Any failure to effect, maintain, or procure any insurance policy or bond, including any failure to obtain proper amounts, forms, conditions, or provisions on any insurance policy or bonds.
  - f. Damages alleged, arising out of, based upon, or attributable to the gaining of any personal profit or advantage which is not shared equitably by the condominium owners or homeowners.
  - g. Violation of any civil rights law whether Federal or State or local ordinance, including but not limited to discrimination on account of race, religion, sex, or age.
  - h. Breach of contract.
  - i. Damages alleging, arising out of, based upon, or attributable to, or in any way involving, directly or indirectly:
    - (1) The actual, alleged, or threatened discharge, dispersal, migration, release, seepage, or escape of pollutants; or
    - (2) Any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize pollutants, including, but not limited to "claims" alleging damage to an insured.
- Pollutants includes (but is not limited to) any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes (but is not limited to) materials to be recycled, reconditioned, or reclaimed.
- j. Any "claim" or "suit" which is brought by or on behalf of any insured or any person or organization which is controlled by, controls, or is under common control with you.

## SUPPLEMENTARY PAYMENTS

We will pay with respect to any "claim" or "suit" we defend:

1. All expenses we incur.
2. All reasonable expenses incurred by the insured at our request, including actual loss of earnings up to \$100 a day because of time off from work.
3. The cost of bonds to release attachments but only for bond amounts within the applicable limit of insurance. We do not have to furnish bonds.
4. All costs, taxed against the insured in the "suit".
5. Prejudgment interest awarded against the insured on that part of the judgment

we pay. If we make an offer to pay the applicable limit of insurance, we will not pay for any prejudgment interest incurred after the offer.

6. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

## SECTION II - WHO IS AN INSURED

1. Each of the following is an insured under this Coverage Part:
  - a. The association designated in the Wrongful Acts Declarations is an insured with respect to its liability because of "wrongful acts" committed by its "directors and officers".
  - b. The "directors and officers" of the insured collectively, and each "director and officer" individually, but only while acting within the scope of their duties on behalf of the insured.
  - c. In the event of bankruptcy, insolvency, incompetency or death of an insured director or officer described in Paragraph b. (above), the legal representative, estate or heir of that director or officer is an insured, but only for "wrongful acts" of that director or officer.

## SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Wrongful Acts Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. "Claims" made or "suits" brought; or
  - c. Persons or organizations making "claims" or bringing "suits".
2. The Aggregate Limit is the most we will pay for damages for all "claims" or "suits" to which this insurance applies.
3. The Each Claim Limit is the most we will pay for damages arising out of any one "claim" or "suit". "Claims" based on or arising out of the same act, interrelated acts, or one or more series of similar acts shall be considered a single "claim".
4. If this Coverage Part is in effect for a period of more than one year, the limits apply separately to each consecutive annual period, and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations. But, if the policy period is extended for less than 12 months, the extended period will be deemed to be part of the last preceding period for purposes of determining the Limits of Insurance.

## SECTION IV - CONDITIONS

### 1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

### 2. Duties In The Event Of Occurrence, Claim Or Suit

a. You must see to it that we are notified promptly if you become aware of any act, error or omission which reasonably would be expected to be the basis of a "claim" or "suit" covered by this insurance.

b. If a "claim" is made or "suit" is brought against any insured, you must see to it that we receive prompt written notice of the "claim" or "suit".

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses, or legal papers received in connection with the "claim" or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation, settlement or defense of the "claim" or "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without our written consent.

### 3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us under this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

#### 4. Other Insurance

This insurance shall be excess of any other valid and collectible insurance available to the insured, whether such other insurance is stated to be primary, contributory, excess, contingent, pro rata or otherwise, unless such other insurance is written only as a specific excess insurance over the Limits of Insurance provided in this Coverage Part.

In addition, this insurance shall not cover any loss for which the insured is entitled to recovery under any other insurance in force previous to the effective date of this Coverage Part.

#### 5. Representations

By accepting this policy, you agree:

- a. The statements in the Wrongful Acts Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

#### 6. Separation of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom "claim" is made or "suit" is brought.

#### 7. Three- or Five-Year Policies

If this policy is issued for more than one year, the premium shall be computed annually based on our rates or premiums in effect at each anniversary.

#### 8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

### SECTION V - DEFINITIONS

1. "Claim" means a demand received by an insured for money, including the service of a "suit".
2. "Coverage territory" means anywhere in the world, provided the original "claim" or

"suit" for such damages is brought within the United States of America, its territories or possessions, Puerto Rico or Canada.

3. "Directors and officers" means those individuals who were, now are, or shall be:

- a. The holder of any elected or appointed officer position created by the charters or bylaws of the condominium association or homeowners association, including any such officer positions created after the effective date of this Coverage Part; and
- b. A duly elected or appointed member of the governing board of the condominium association or homeowners association.

4. "Personal injury" means injury arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. Oral or written publication of material that violates a person's right of privacy.

5. "Suit" means a civil proceeding in which money damages because of "wrongful acts" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent;
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent; or
- c. An appeal of a civil proceeding.

6. "Wrongful acts" means any actual or alleged error, misstatement, misleading statement, act or omission, or neglect or breach of duty by the "directors and officers" in the discharge of their duties directly related to the operations of the insured condominium or homeowners association.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**POLICY CHANGES--CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

**PROFESSIONAL LIABILITY COVERAGE PART**

The Cancellation and Nonrenewal provisions that apply to the Commercial General Liability Coverage Part also apply to the Professional Liability Coverage Part.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**POLICY CHANGES--AMENDATORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**PROFESSIONAL LIABILITY COVERAGE PART**

The Amendatory endorsements that apply to the Commercial General Liability Coverage Part also apply to the Professional Liability Coverage Part.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EMPLOYMENT-RELATED PRACTICES EXCLUSION**

This endorsement modifies insurance provided under the following:

**CONDOMINIUM OR HOMEOWNERS ASSOCIATIONS WRONGFUL ACTS COVERAGE FORM  
RELIGIOUS INSTITUTIONS WRONGFUL ACTS COVERAGE FORM**

The following exclusion is added to Paragraph 2. **Exclusions** of **SECTION I - COVERAGES**:

This insurance does not apply to:

Damages alleging, arising out of, based upon, or attributable to, or in any way involving, directly or indirectly, any actual or alleged injury to:

- (1) A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or
  - (c) Other employment-related practices, policies, acts or omissions including but not limited to coercion, criticism, demotion, evaluation, failure to promote, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of any actual or alleged injury to that person at whom any of the employment-related practices described in Paragraphs (a), (b) or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

## **NOTICE TO POLICYHOLDERS ABUSE OR MOLESTATION EXCLUSION**

This is a notice of a change in your policy. NO COVERAGE IS PROVIDED BY THIS NOTICE nor can it be construed to replace any provisions of your policy. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE for complete information on the coverage you are provided. If there is any conflict between the policy and this notice, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

Your renewal policy contains an Abuse or Molestation Exclusion. Insurance does not apply to any liability based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual, alleged or threatened abuse or molestation of any person.

# **NOTICE TO POLICYHOLDERS WRONGFUL ACTS COVERAGE**

**CONDOMINIUM OR HOMEOWNERS ASSOCIATIONS  
WRONGFUL ACTS COVERAGE FORM - PA 110 12 99 and  
RELIGIOUS INSTITUTIONS WRONGFUL  
ACTS COVERAGE FORM - PA 112 12 99**

This is a notice of a change in your policy. NO COVERAGE IS PROVIDED BY THIS NOTICE nor can it be construed to replace any provisions of your policy. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE for complete information on the coverage you are provided. If there is any conflict between the policy and this notice, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

Your renewal policy contains an insured vs. insured exclusion. The insurance does not apply to any claim or suit which is brought by or on behalf of any insured or any person or organization which is controlled by, controls, or is under common control with you.

# **NOTICE TO POLICYHOLDERS EMPLOYMENT-RELATED PRACTICES EXCLUSION**

**CONDOMINIUM OR HOMEOWNERS ASSOCIATIONS  
WRONGFUL ACTS COVERAGE FORM - PA 110 and  
RELIGIOUS INSTITUTIONS WRONGFUL  
ACTS COVERAGE FORM - PA 112**

This is a notice of a change in your policy. NO COVERAGE IS PROVIDED BY THIS NOTICE nor can it be construed to replace any provisions of your policy. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE for complete information on the coverage you are provided. If there is any conflict between the policy and this notice, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

Your renewal policy contains an Employment-Related Practices Exclusion. This endorsement excludes all liability coverage arising out of employment-related practices, policies, acts or omissions including but not limited to refusal to employ, termination, coercion, criticism, demotion, evaluation, failure to promote, reassignment, discipline, defamation, harassment, humiliation or discrimination.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ABUSE OR MOLESTATION EXCLUSION**

This endorsement modifies insurance provided under the following:

**ANIMAL SERVICES PROFESSIONAL LIABILITY COVERAGE FORM  
CLERGY / COUNSELORS PROFESSIONAL LIABILITY COVERAGE FORM  
CONDOMINIUM OR HOMEOWNERS ASSOCIATIONS WRONGFUL ACTS COVERAGE FORM  
COUNTY RECORDER AND/OR COUNTY CLERK'S ERRORS AND OMISSIONS INSURANCE COV-  
ERAGE FORM  
DENTIST'S PROFESSIONAL LIABILITY OCCURRENCE COVERAGE FORM  
EMERGENCY MEDICAL TECHNICIAN PROFESSIONAL LIABILITY COVERAGE FORM  
HEALTH CARE FACILITY PROFESSIONAL LIABILITY COVERAGE FORM  
HOSPITAL PROFESSIONAL LIABILITY COVERAGE FORM  
INSURANCE AGENTS ERRORS AND OMISSIONS INSURANCE COVERAGE FORM  
MISCELLANEOUS PROFESSIONAL LIABILITY COVERAGE FORM  
NURSE'S PROFESSIONAL LIABILITY COVERAGE FORM  
PRINTERS ERRORS AND OMISSIONS INSURANCE COVERAGE FORM  
PROFESSIONAL LIABILITY COVERAGE FORM  
REAL ESTATE AGENTS' ERRORS AND OMISSIONS INSURANCE COVERAGE FORM  
RELIGIOUS INSTITUTIONS WRONGFUL ACTS COVERAGE FORM  
TEACHER'S PROFESSIONAL LIABILITY COVERAGE FORM**

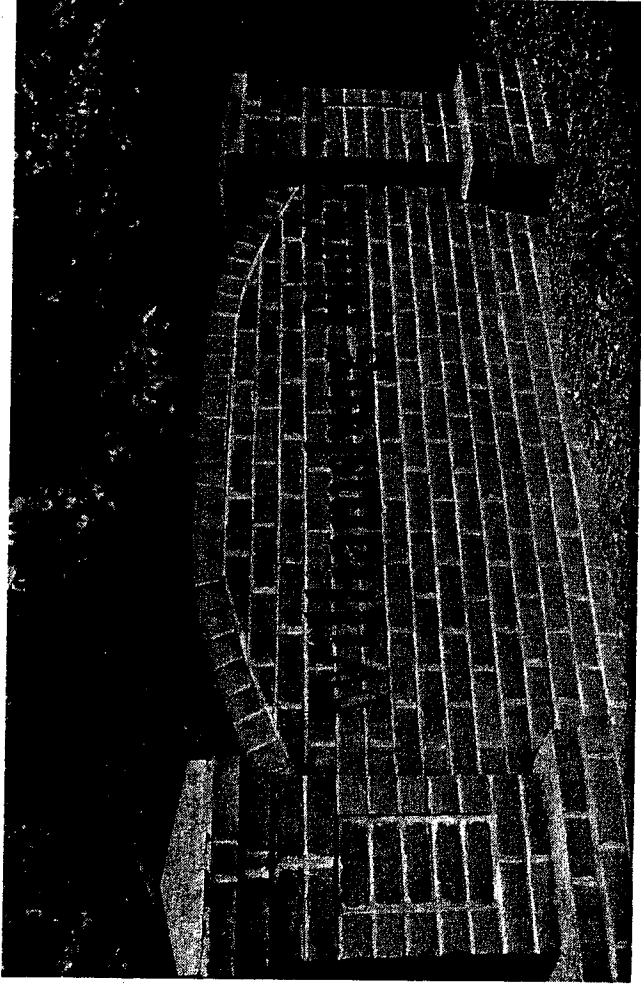
The following exclusion is added to Paragraph 2., **Exclusions of SECTION I - COVERAGES:**

This insurance does not apply to:

Any liability based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual, alleged or threatened abuse or molestation of any person.

*Reserve Study*

# Williamsburg Bluffs



Williamsburg, Virginia

CAPITAL REPLACEMENT RESERVE STUDY

2009

Study Date:  
November, 2009

Prepared for:  
Williamsburg Bluffs Owners Association, Inc.

Managed By:  
United Property Associates  
525 South Independence Boulevard, Suite 200  
Williamsburg, Va.

Mr. David M. Drexler  
Association Manager

Prepared by:  
DMA  
Design / Management Associates, Inc.  
2308 East Main Street  
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## TABLE OF CONTENTS

|                                                            |    |
|------------------------------------------------------------|----|
| 1. UPDATE SYNOPSIS.....                                    | 2  |
| 2. HOW THE STUDY IS CONDUCTED.....                         | 3  |
| 3. RESULTS OF THE STUDY AND RECOMMENDATION.....            | 6  |
| 4. RESERVE ANALYSIS SUMMARY.....                           | 8  |
| 5. RESERVE COMPONENTS.....                                 | 10 |
| 6. SCHEDULE OF COMPONENTS - COMPONENT METHOD ANALYSIS..... | 22 |
| 7. SCHEDULE OF COMPONENTS - CASH FLOW ANALYSIS.....        | 24 |
| 8. CASH FLOW CALCULATION SPREADSHEETS.....                 | 30 |
| 9. DEFINITIONS AND NOTES.....                              | 36 |

## Capital Reserve Update: November, 2009

This Capital Reserve Study is an update of a previous study performed for your community. Below is a comparison chart of information and recommendations contained in the two studies. Following the chart is a listing of any significant conditions or changes in information that have affected the results of this updated study.

### Previous Study

### This Study

|                                                                              |                                    |                                                                                                  |                                    |
|------------------------------------------------------------------------------|------------------------------------|--------------------------------------------------------------------------------------------------|------------------------------------|
| Study Date:                                                                  | September, 2004                    | Study Date:                                                                                      | November, 2009                     |
| Prepared By:                                                                 | Design/Management Associates, Inc. | Prepared By:                                                                                     | Design/Management Associates, Inc. |
| Analysis Method:                                                             | Cash Flow                          | Analysis Method:                                                                                 | Cash Flow                          |
| Study Date Balance of Reserve Account:                                       | \$20,514.00                        | Study Date Balance of Reserve Account:                                                           | \$44,663.65                        |
| Estimated Replacement Value of Reserve Assets:                               | \$132,458.84                       | Estimated Replacement Value of Reserve Assets:                                                   | 160,718.85                         |
| What minimum account balance was maintained:                                 | 5.00%                              | What minimum account balance was maintained:                                                     | 5.00%                              |
| 5.00% of the Total Estimated Replacement Value of All Reserve Assets Equals: | \$6,622.94                         | 5.00% of the Next Estimated Replacement Value of Reserve Assets Equals: (reference 1, on page 3) | \$8,035.94                         |
| Did the analysis incorporate inflation projections?                          | YES                                | Did the analysis incorporate inflation projections?                                              | YES                                |
| If "yes," what inflation factor was used?                                    | 4.00%                              | If "yes," what inflation factor was used?                                                        | 2.00%                              |
| What interest rate was applied to the Reserve Account?                       | 2.00%                              | What interest rate was applied to the Reserve Account?                                           | 1.50%                              |
| Recommended annual contribution to Reserves:                                 | \$8,502.00                         | Recommended annual contribution to Reserves:                                                     | \$7,836.94                         |

**Notes on this comparison:** The total value of your reserves is larger now than in 2004. This is based partly on inflation, partly on the addition of components (garage structure), and partly on re-valuation of some components based on better cost information. Our report shows that your reserves are currently funded at 76% of full funding, based on the component method, whereas they were only 67% funded in 2004. Due to this, and due to a major decrease in construction cost inflation since 2004, the recommended annual contribution for next year is actually less than our previous recommendation, and less than this year's actual contribution, which was \$8,000.00.

## 2. HOW THE STUDY IS CONDUCTED

### Purpose

Your community has assets and amenities that are owned in common by all property or unit owners. A summary of those assets in your community is provided on this page under the heading "Properties Included". A capital reserve account is an account designed specifically to accumulate funds for eventual replacement of your commonly owned property improvements when they reach the end of their useful lives. Each asset is referred to in this study as a *component* of your Capital Reserves. All components eventually need to be replaced, although they may normally function for 10, 20, 30 years, or longer. Regular operating and maintenance budgets do not cover the funding required for these needs. Therefore, separate funds must be accumulated over the life of the components. This Capital Reserve Study is designed to project the amount of money recommended to be deposited annually in your association's reserve account.

### Not A Replacement Schedule

This study is designed to anticipate the types of capital expenditures that are likely to occur over the life of the property. By doing so we can establish a reasonable and logical budget for the reserve account(s). It is not a specific required replacement schedule however. Specific replacement annual budgets for expenditures should be established by the Board of Directors based on this information and on a periodic assessment of the actual condition of each reserve component.

### Establishment of a Single Reserve Account

In developing this study we analyzed the reserve requirements for each component of your capital assets. Some associations maintain separate accounts for each. Certified Public Accountants advise us that the number of reserve accounts should be kept to a minimum. For Williamsburg Bluffs, we recommend one account. Having one account gives you the spending flexibility to respond to unexpected needs without having to draw from dedicated line item accounts. Our study will develop one annual deposit amount that will meet the replacement needs of all components.

### Reserve Components Defined

Williamsburg Bluffs Capital Reserve Study Update

Property improvements or assets which are owned by the Owners Association, or for which the Association is required by the Declaration to provide maintenance, are called "Components" of your capital reserves. In order to separate capital reserve components from maintenance components, we add the following two conditions:

- A capital reserve component has an estimated service life of at least 5 years before it needs replacement.
- A capital reserve component has a replacement value of at least \$1,000.00. (Note: a capital reserve component may consist of several like components whose individual value may be less than \$1,000.00 but whose aggregate value exceeds \$1,000.00, if these components are likely to be replaced as a group. An example is clubhouse or pool furniture).

A complete Schedule of Components for your community is provided in *Part 4 - Reserve Components* (see Table of Contents for page no.). To help you better understand all of the components in your community, we may have organized related components into categories. Some analysis is done using these separate categories, however our overall funding recommendation will pool these components together to arrive at a single account funding plan.

### Source Information for Reserve Components

Identification of reserve components and an understanding of their scope was determined from information provided by Mr. David Drexler, Community Manager of United Property Associates, and from our site visit to Williamsburg Bluffs in October and November, 2009.

### How Reserve Components Are Evaluated

Reserve Components are those capital improvements which the Association either owns, or is responsible for, and which will normally require replacement once or more during the normal life of the property. The *life* of a property is assumed to exceed 50 years. Reserve (replaceable) components included in this study, are those with a normal useful life of less than 50 years. These are further defined as

those components which have a normal useful life of at least 5 years and a value of at least \$1,000.00. Anything which requires replacement in a shorter time, or which is valued at less than \$1,000.00 should be included in your normal operating and maintenance budget.

In *Part 4 - Reserve Components* we briefly describe the reserve components identified within each category at your community. We determine the normal useful life of each component on the basis of industry standards, typical product warranties, and our own experience in construction. We then project the remaining useful life of each component on the basis of its present age and its present condition. Those components which receive normal use and are in average condition for their age, will have a remaining useful life based on the *normal useful life* minus their present age. Components which are used more heavily, or which appear to be in poor condition for their age, will have a shorter projected remaining useful life. Any components that appear to be in exceptionally good condition for their age, may have a projected remaining useful life that exceeds the projection based on their age alone.

### **Financial Analysis Methods**

This study is designed to project the necessary annual allocation of funds needed to adequately fund your association's reserve account(s). The Community Associations Institute defines four methods for determining this annual allocation amount. They are:

*Statutory Funding:* Some states and localities have funding requirements based on local statutes. Neither Virginia nor any of its local jurisdictions have any funding statutes, therefore the statutory funding method is not used here.

*Full Funding - Component Cost Method:* This method starts by determining the present value of each reserve component. It then subtracts any existing funds already allocated to the replacement of this component. The remaining amount yet to be funded is divided into the projected remaining useful life of the component. This gives an annual figure required to fund the account fully by the time that the component is at the end of its useful life. For example: Let's say that the cost to replace a roof is \$10,000.00, and \$4,000.00 has been allocated to this replacement account already. The projected remaining useful life of the roof is 6 years. The amount needed to be placed into this account annually to fully fund the account is \$1,000.00:

Williamsburg Bluffs Capital Reserve Study Update

$\$10,000.00 - \$4,000.00 = \$6,000.00 / 6 \text{ years} = \$1,000.00 \text{ per year.}$

This method usually is the most costly funding approach and can also cause funding needs to vary over time. It is best used in new communities where funding levels can be controlled from their beginning dates. In our experience, most communities are not fully funded from their beginning date, and conversion to full funding would place a higher cost burden on present owners.

*Baseline Funding - Cash Flow Method:* In this method, each anticipated component replacement is plotted on a schedule over time. This schedule then calculates the annual total reserve account deposit required to maintain the account balance above zero over the entire period. This study is designed to project a fixed annual deposit amount. This method balances out payments over the life of the property, generally resulting in a lower annual funding requirement. We believe this also distributes the responsibility for reserve funding more equitably to all owners over the life of the community.

*Threshold Funding - Cash Flow Method:* This is the same as the Baseline Method, except that we substitute a "threshold" amount (minimum account balance) for zero. This amount creates a buffer to help keep the account above zero in the event of unusual or untimely expenses. It substitutes for a "contingency" line item. This amount can be derived in many ways. Typically we derive the threshold amount from a percentage of the projected replacement cost for all your reserve components - typically not larger than 5%. The threshold funding - cash flow method is the method that we have used in your study.

*Inflation and Interest (Discounting):* Our threshold funding plan is computed using projected construction cost inflation as well as the interest that you are earning on your reserve account, to see how these factors will impact your planning over time. These are discussed in *Study Parameters*, below.

### **Study Parameters**

Webster's Dictionary defines "parameters" as "any of a set of physical properties whose values determine the characteristics or behavior of something". In order to conduct a reserve study, several parameters have to be set prior to beginning the study, as they will affect the results. The following five (5) parameters are set at the beginning of the Study.

The numeric value of each for your study is shown in the Reserve Analysis Summary on page 7. They include:

(1) **Estimated actual reserve balance at the end of this fiscal year:** This is a number provided by your Association, based on the contributions that you are presently making to your reserve account. If you do not have a reserve account, this number will be \$0.00. The number that we put in becomes the beginning balance of the reserve account in year one (1) of our study. This number is input into the study on line C of Part 1 in the Reserve Analysis Summary.

(2) **Anticipated Annual Inflation Rate:** This is based on historical and present day inflation data as it relates to construction cost indexes (most capital reserve components are related to construction materials and trades, rather than the overall economy). This number, expressed as a percentage (%) is input into the study on Line A (1) of Part 2 in the Reserve Analysis Summary.

(3) **Annual Reserve Account Income:** We base this on your community's current and/or immediately anticipated returns on investments - from simple savings accounts to more complex fund investments. If funds are deposited in several different accounts, we will take an average of the earnings rate on all of the accounts. This number, expressed as a percentage (%) is input into the study on Line A (2) of Part 2 in the Reserve Analysis Summary.

(4) **Annual Contribution Escalation:** The cash flow method is designed to project a fixed annual contribution - in current dollars - that will keep the reserve account above the minimum threshold balance in all 50 years of the study period. However, because the value of the dollar changes over time due to inflation, it is necessary to introduce an escalation factor into this fixed number so that it grows in relation to the growth in actual costs over time. If we did not do this - if we kept the contribution constant - owners today would have to contribute a much larger amount in order to offset the declining value of the same contributions made in the future. The escalation rate provides parity for present and future owners. This number,

expressed as a percentage (%) is input into the study on Line A (3) of Part 2 in the Reserve Analysis Summary.

(5) **Target Minimum Allowable Balance (Threshold):** As we have discussed above, the goal of the cash flow method is to design a funding plan that keeps your account above a minimum balance over the life of the study, while insuring that all components are fully funded when they are scheduled to be replaced. We can set that minimum balance at zero (\$0.00), which we explained in the previous section of this report, is called "baseline" funding. Our recommendation is always to set a minimum allowable account balance, or "threshold", at some amount above zero, in order to provide a buffer for the variations in actual expenditures that will inevitably occur over the life of the study. In our studies, we derive that threshold amount from a percentage of the "total replacement value of your reserves" - a number that is shown on line A or Part 1 in the Reserve Analysis Summary. The percentage used for your study is input into the study on line B of Part 2 in the Reserve Analysis Summary.

### 3. RESULTS OF THE STUDY

The study looks at the two primary approaches for funding your reserves that we discussed in the previous section - the Component Method and the Cash Flow Method. These are discussed below, and the numeric results of these approaches are shown in the following *Reserve Analysis Summary* on page 7.

#### Part 1 - Component Method Analysis

As we discussed in the previous section of this report, the component cost method looks at each component and determines the required aggregate annual contribution to your reserve account that will fully fund each component independently. We have provided a summary *Schedule of Components* for your community in Section 5 of this report. In it we list all of the components in your community, their expected service life, and their expected replacement costs. We then calculate the annual funding requirement by the component method, assuming that each component had been fully funded from its "in-service" date. To this schedule we then insert the actual current funds in your account for these components, and re-calculate the annual funding that would be required for each based on the current funds. From this, we arrive at the annual funding requirement to fully fund all of the components in your community. The results of that study are summarized in the *Reserve Analysis Summary - Part 1*.

|                                                                                                  |                    |
|--------------------------------------------------------------------------------------------------|--------------------|
| <b>Recommended Contribution - Component Method (see the Reserve Analysis Summary on page 7):</b> | <b>\$10,509.96</b> |
|--------------------------------------------------------------------------------------------------|--------------------|

This is the required annual contribution that should be made in year 1 of the study (next fiscal year), to return each component to a full funding status. If the account is currently funded at less than 100% of full funding (underfunded), this number will be higher than the number on Line C. If the account is currently funded at greater than 100% of full funding (over funded), this number will be lower than the number on Line C.

**Component Method Limitations:** This funding method has certain characteristics and limitations that the board should be aware of in evaluating its usefulness:

- Because the "full funding" status of the account changes every year based on previous funding, the annual contribution should be recalculated each year to determine the next year's level. This funding method is based entirely on current dollar values and current replacement cost values. To be accurate, the current replacement values of the components would need to be updated every year as well.
- This funding method puts the greatest burden on present owners in Year 1, for making up the funding deficit in underfunded accounts.
- This method requires a running account balance from year to year that keeps each component independently fully funded. This may be higher than the running balance required by the Cash Flow Method (see next discussion).

**Part 2 - Cash Flow Method Analysis:** We do a second set of calculations in Section 6 of our report, titled "Cash Flow Method Analysis". This method differs from the Component Method in that it looks at the account in its aggregate form and designs a fixed funding level that will keep the fund above a minimum balance (threshold) during the entire period of the study - 50 years.

Section 6 contains the same schedules of your reserve components, but this time, we plot each anticipated replacement cost in the year that we estimate you will have to replace the component. From these schedules, we derive a total annual expenditure total for each of the 50 years. These expenditures are carried over to a final set of spreadsheets titled *Cash Flow Funding Plan with Minimum Account Threshold*.

In these last spreadsheets, we apply the effects of inflation to the dollar values of each year's expenditures. We also add in any projected interest or investment income that would be earned each year on the account through savings or investment instruments.

Finally, we incorporate an anticipated escalation rate for future contributions in order to keep pace with inflation.

From all of the above input information, we can then calculate a fixed contribution rate (in current dollars) that will escalate gradually over time to keep pace with inflation.

**Recommended Contribution - Cash Flow Method (see the Reserve Analysis Summary on page 7):**  
**\$7,836.94**

Line C, at the bottom of Part 2, provides a 10-year summary of the contributions that should be made to the account each year in accordance with the cash flow schedules. On page 8 we provide a graphic chart showing the projected life of the reserve account over the next 50 years, based on our cash flow analysis.

**Cash Flow Method Limitations:** This funding method has certain characteristics and limitations that the Board should be aware of in evaluating its usefulness:

- This method is based on an assumption about the future value of the dollar - inflation, and the future income on your account deposits - interest. If significant changes occur in either of these rates, this calculation should be re-run with current information.
- The recommended contributions to the account in future years is predicated on your contributing the recommended amount in each previous year. It is also predicated on expenses occurring generally as predicted. The account should be updated and re-run at least every 5 years to correct for normal variations. However if significant changes occur in your present funding or in major expenses, in a shorter period of time, the account should be re-run.

### Recommendations:

The goal of this study is to give you a sound financial basis for developing a funding plan for your capital reserves. Remember that this is a funding plan, not a replacement schedule. You may or may not replace components on the schedule shown in this study. The decision when to replace a component should be made by the Board based on the actual performance of that component vs. your needs. The study is designed to insure that each component is *fully funded* by the replacement date shown in the schedule.

We normally recommend that you fund your account using the *Cash Flow Method*. This is a dynamic analysis that, over time, can better reflect your actual reserve replacement experience and your actual funding levels. This method funds your individual components on a variable rate basis, while funding the entire account on a fixed rate basis. It has the power to essentially "finance" short term needs with funds from longer term components, making better use of your funds on deposit and (usually) requiring a lower contribution rate than the more classical Component Method.

This plan should be reviewed annually and should be updated every 5 years at a minimum. The update will adjust the study based on any actual replacements that you make during that time, your actual funding, current inflation rates, interest rates, and changes to the condition of the community's assets based on a new on-site review.

It is very important that you *document* each capital replacement expenditure made by the community. Keep copies of all purchase orders, invoices, work contracts, specifications, warranty information, etc. that can provide accurate information on your replacement history, costs and future replacement expectations for each component. By providing this information to us for future updates, you can insure that future reports will be as accurate as possible.

#### 4. Reserve Analysis Summary

Study Date:

2009

Community:

WILLIAMSBURG BLUFFS

Fiscal Year End Date: 31-Dec-2009

##### Part 1: Component Method Analysis

- A. The total replacement value of your reserve components, as of the study date, is: \$160,718.85
- B. If all components were fully funded by the Component Method, your account balance at the end of this fiscal year should be: \$58,681.80
- C. If all components were being fully funded as of the study date, your annual contribution in Year 1 of the study should be: \$8,902.46
- D. Your estimated actual reserve account balance at the end of this fiscal year, based on current contributions, is expected to be: \$44,663.65
- E. Based on your actual account balance (above) your reserve account is presently funded at the following percentage of full funding: 76.11%
- F. Component Method Funding: To have all components fully funded when scheduled for replacement, you should contribute: \$10,509.96

Note: See important limitations on this funding analysis in the discussion for Part 1, D, on the previous page.

##### Part 2: Cash Flow Method Analysis

- A. The following escalation rates have been applied to this study:
  - (1) Anticipated Annual Inflation Rate: 2.00%
  - (2) Annual Contribution Escalation Rate: 2.00%
  - (3) Annual Reserve Account Income Rate: 1.50%

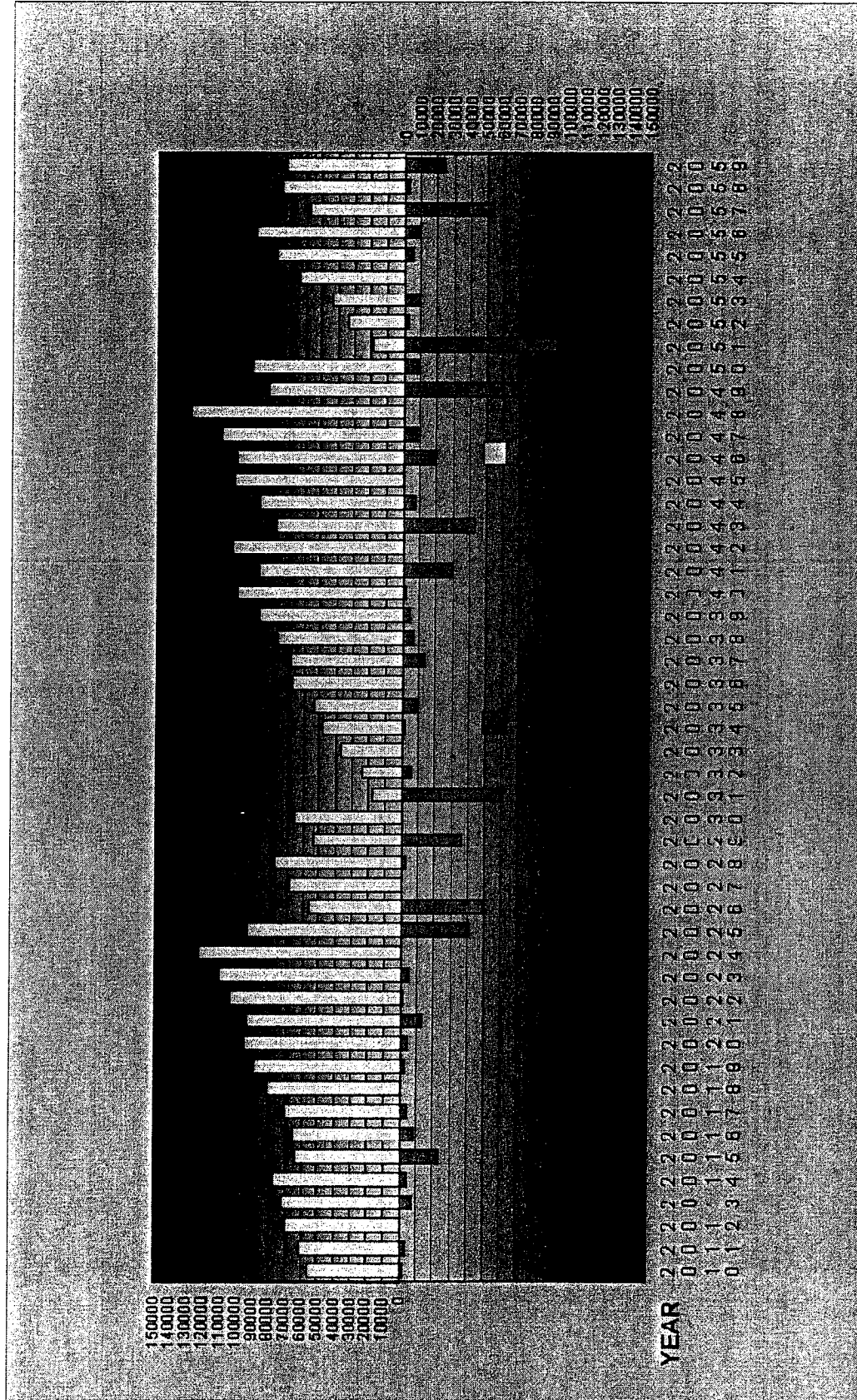
- B. A "threshold" (minimum allowable account balance) has been established for this account, at 5.00% of the total replacement value of your reserves.  
 Note: The numeric value of this threshold is shown in the Cash Flow Funding Plan, at the bottom of the column for each year. The amount increases at the same rate as the Construction Cost Index, in order to keep pace with inflation.

- C. Cash Flow Method Funding: To keep the Reserve Account above the minimum threshold for the entire 50-year period of the study, and insure that all components are fully funded when they are scheduled for replacement, the following annual contributions should be made in the years 1 through 10 of the study:

| Study Year: | Year 1     | Year 2     | Year 3     | Year 4     | Year 5     | Year 6     | Year 7     | Year 8     | Year 9     | Year 10    |
|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Date:       | 2010       | 2011       | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       | 2019       |
| Amount:     | \$7,836.94 | \$7,993.68 | \$8,153.55 | \$8,316.62 | \$8,482.95 | \$8,652.61 | \$8,825.66 | \$9,002.18 | \$9,182.22 | \$9,365.86 |



Graph: The graph below shows the cash flow analysis design for your reserve account over the 50-year life of the study. It shows the expected account balance in each year (green bars) and the expected expenditures in each year (red bars). The expenditures are based on the component costs established in the Component Analysis, and escalated by the Construction Cost Index each year after year 1. The account balance is based on projected account growth from the annual contributions in Part 2 - C on the previous page, and the Annual Reserve Account Income.



## 5. RESERVE COMPONENTS

This section of the report identifies the Reserve Components in your community. We measure the quantity and observe the present condition of each of your reserve components. We then project a probable useful life for each, and project a likely course of action to replace the component along with an estimate of the replacement cost. The observations and opinions expressed in this report are based on our general professional knowledge of construction, and our knowledge of the typical replacement experience of many communities and other entities with the same component types. Our projections are not professional architectural or engineering recommendations for specific projects. The Board of Directors should seek professional or industry assistance for each specific replacement project, based on the conditions in existence at the time of replacement.

### Community Location and Description:

Williamsburg Bluffs is a single-family home community consisting of one hundred thirty one (131) units, located on 707 Parchment Boulevard in Williamsburg, Virginia and is approximately 18 years old. Based on your Declaration and information that you provided to us, we determined that the primary common area components include entrance wall and sign, asphalt sealer and resurfacing, concrete curbs and sidewalks, storm drains, outside lighting, tennis surface treatment and resurfacing, tennis court fence, baseball backstop fence, buffer fencing, playground equipment, play area fence, picnic pavilion, pool house, pool deck, pool coping tiles, pool resurfacing, pool equipment, pool filtration, pool fence, and pool furniture. These components are discussed on the following pages. All components were viewed on site, unless otherwise specified for a specific component herein. Quantities of each component were developed either by on-site measurement, measurement from scale engineering and architectural drawings when available, and in some cases, measurement by GPS mapping.

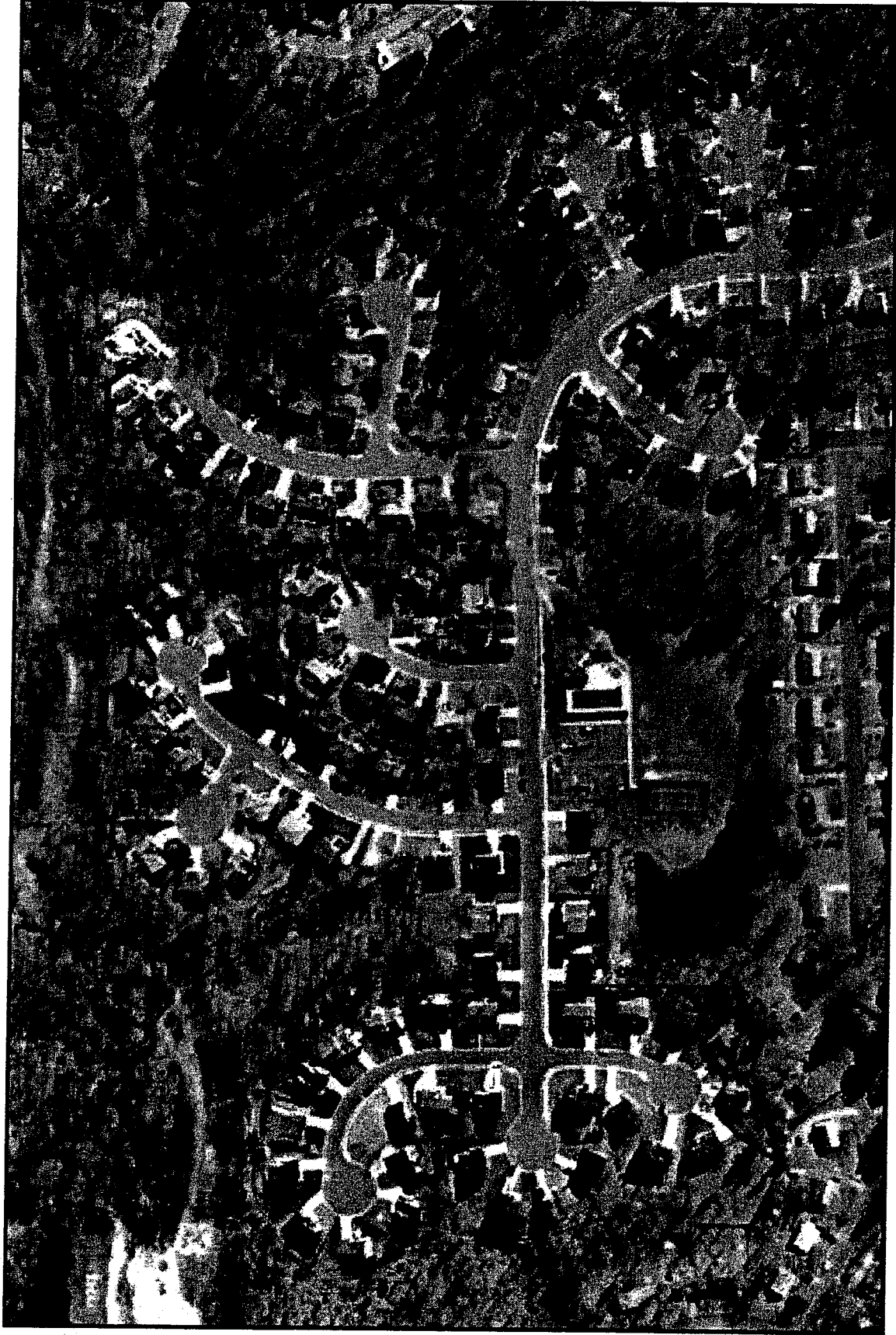
### Excluded Components:

There are some improvements and assets related to the common areas of the community that are not included as capital replacement reserves. These are listed and explained below:

| Component                                               | Description / Reason for Exclusion                                                                                                                                                                                                                                               |
|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Permanent Improvements                                  | The building structures (pool house, garage, pavilion) are projected to have service lives that exceed the 50-year window of this study, and are considered permanent.                                                                                                           |
| Landscape Improvements                                  | We exclude landscape improvements based on (1) variable life and (2) the cost of typical replacement plants being below the reserve component cost threshold.                                                                                                                    |
| Improvements below the Reserve Component cost threshold | Built improvements such as the service doors to the pool equipment room, the gutters and downspouts, and pool gate security lock have replacement costs that are below the reserve component threshold, and should be included in operating reserves when they need replacement. |
| Public Infrastructure                                   | All other infrastructure in the community is public - roads, sidewalks, storm sewers, etc.                                                                                                                                                                                       |

### Components Included in the Study:

Components included in this study are identified and discussed on the following pages.



Satellite View of Williamsburg Bluffs (from Google)

| COMPONENT              | YEAR IN SERVICE | EXPECTED USEFUL LIFE | EXPECTED REPLACEMENT YEAR | ESTIMATED QUANTITY | ESTIMATED UNIT COST | PERCENT REPLACED | ESTIMATED COMPONENT COST |
|------------------------|-----------------|----------------------|---------------------------|--------------------|---------------------|------------------|--------------------------|
| Entrance Wall and Sign | 1990            | 20                   | 2010                      | 99.00 SF           | \$11.00             | 25.00%           | \$272.25                 |
| Asphalt Sealer         | 2008            | 5                    | 2013                      | 1,038.20 SY        | \$1.35              | 100.00%          | \$1,401.57               |
| Asphalt Resurfacing    | 2001            | 20                   | 2021                      | 1,038.20 SY        | \$8.50              | 100.00%          | \$8,824.70               |
| Concrete Curbs         | 2001            | 30                   | 2031                      | 236.00 LF          | \$34.20             | 10.00%           | \$807.12                 |
| Concrete Sidewalks     | 2001            | 25                   | 2026                      | 2,832.00 SF        | \$12.00             | 10.00%           | \$3,398.40               |
| Storm Drains           | 2001            | 40                   | 2041                      | 1.00 LS            | \$3,000.00          | 100.00%          | \$3,000.00               |
| Parking Lot Lights     | 2001            | 24                   | 2025                      | 3.00 EA            | \$1,800.00          | 100.00%          | <b>\$5,400.00</b>        |

Entrance Wall and Sign: The brick front entrance wall with brass finished metal letters is in fair condition with damage to the mortar at one cap. There is evidence that mortar in the wall has been repointed previously. This wall would benefit from large stone caps that would drain water away from the brick faces. The brass letters are sound and should not require replacement. Funds are allocated for repair and re-pointing of the brick, beginning in 2010.

Asphalt Sealer: The parking lot at the swimming pool and park has had repairs in the past year. It is ready for a sealer and needs striping in 2010. Funds are allocated for this work.

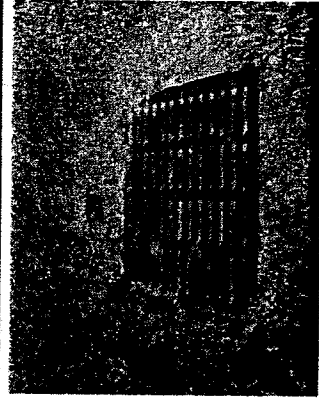
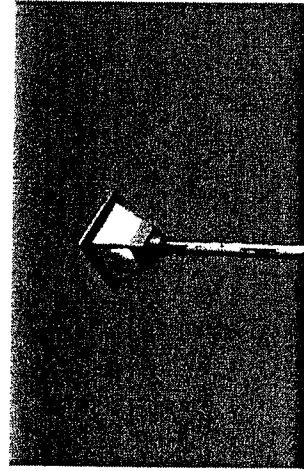
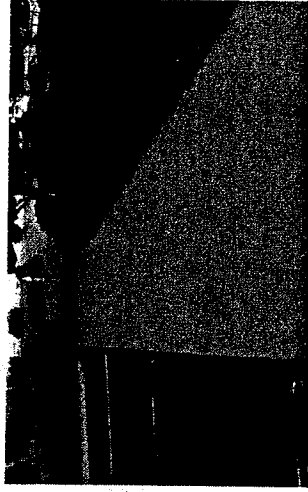
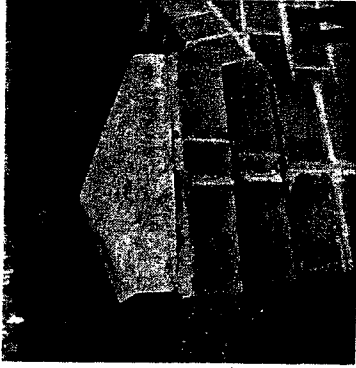
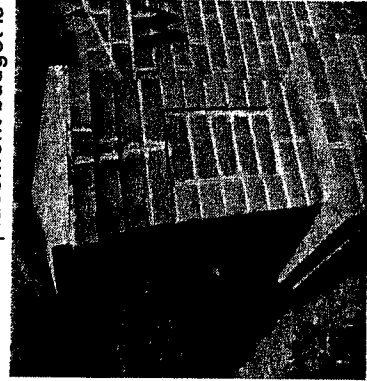
Asphalt Resurfacing: This parking lot was originally installed in 2001. The pavement was repaired this year, with replacement of a damaged area by the entrance, and filling of open linear cracks. At this time the pavement appears to be generally sound, with no new evidence of soft or failed pavement. We are projecting a 20-year pavement life with expected re-surfacing in 2021. This work will involve limited milling at the concrete gutters and the road apron. The projected budget cost is based on typical current unit costs from "Mr. Asphalt" paving company in Richmond.

Concrete Curbs: Concrete curbs have long lives, with most not needing any replacement over the life of the study. Single cracks within curbs are fairly typical due to differential settlement, and are not a reason for replacing sections. If several cracks develop in the same section, it means either the ground is weak allowing for too much movement in this area, or the concrete may have been too brittle (dry) a mix. Curb sections with multiple cracks should be replaced. At this time, the curbs are in good condition. We are budgeting an allowance of 10% of the total replacement cost for partial replacement after 30 years. We will review this budget in later updates of the study.

Concrete Sidewalks: This component includes the concrete sidewalks at the swimming pool and recreation area which are 6' wide and approximately 5" thick, constructed directly on the sub-soil. Over time, portions of these walks will likely experience some uneven settlement and ultimate cracking or spalling of the surface. We measured 472 linear feet of sidewalk. We are using a higher replacement unit cost than the previous study, on the basis that replacement work will be piece work which comes at a much higher cost. This unit cost is based on recent bids for work in a nearby area community. We are allowing for 10% replacement at 25 years.

**Storm Drains:** We noted one 11' wide curb inlet (storm drain) in the parking area, and one 3' x 3' in-ground drain adjacent to the tennis court. These concrete structures typically have a useful life of 40 to 50 years. We estimate a repair / replacement cost of \$1,200.00 for the smaller one and \$1,800.00 for the larger one. Both drains appear to be in good condition at this time.

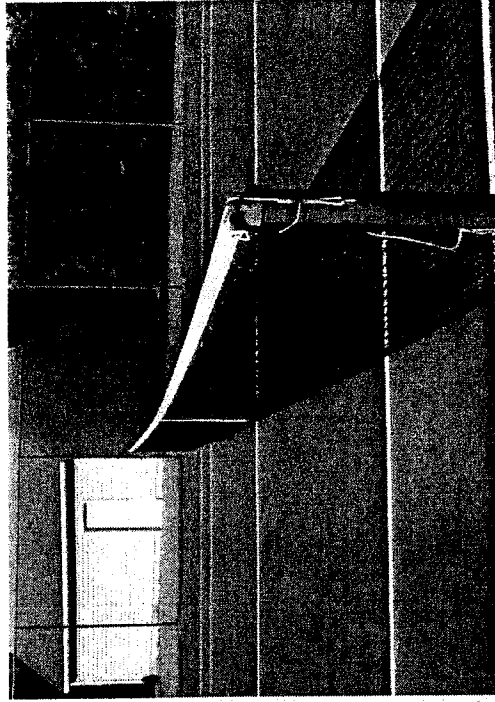
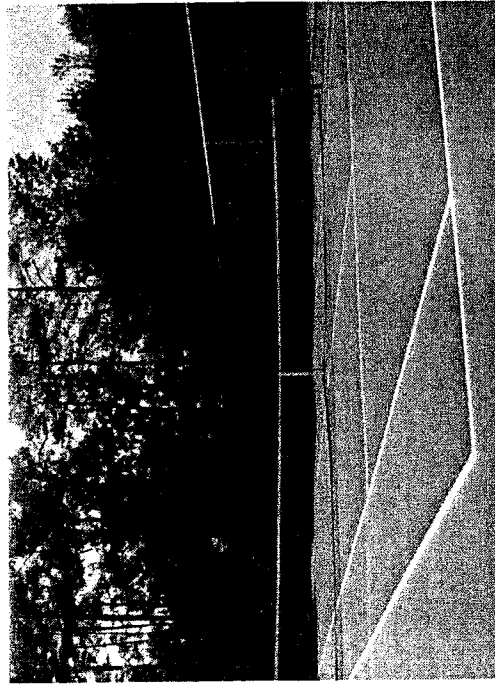
**Parking Lot Lights:** This component is for the three pole mounted lantern style parking lot lights. The poles are galvanized steel, field painted, with the paint having failed. Otherwise, the poles and fixtures appear to be in good condition. Painting is a maintenance cost and is not included here. Many things can go wrong with outdoor lighting. If the wiring is direct-buried, there may be failures here that will require it's replacement. The fixtures eventually become obsolete and are easier to replace than repair. We recommend that the poles be replaced with factory finished steel or aluminum poles that will hold their finish for the life of the fixture. The replacement budget is for all of these elements.



| COMPONENT                | YEAR IN SERVICE | EXPECTED USEFUL LIFE | EXPECTED REPLACEMENT YEAR | ESTIMATED QUANTITY | ESTIMATED UNIT COST | PERCENT REPLACED | ESTIMATED COMPONENT COST |
|--------------------------|-----------------|----------------------|---------------------------|--------------------|---------------------|------------------|--------------------------|
| Tennis Surface Treatment | 2009            | 3                    | 2012                      | 790.00 SY          | \$4.81              | 100.00%          | \$3,799.90               |
| Tennis Court Resurfacing | 2001            | 24                   | 2025                      | 790.00 SY          | \$22.78             | 100.00%          | \$17,996.20              |

**Tennis Surface Treatment:** Generally, community tennis courts are finished with a 3-coat colored acrylic emulsion surface treatment over an asphalt structural surface. This court has recently been finished, but with what appears to be tennis court paint. The finish is in good condition at this time, but may have a very limited life. We have priced the surface replacement with an acrylic emulsion coating after 3 years. Once the coating is applied, we project 6 years between treatments.

**Tennis Court Resurfacing:** The structure of the tennis court is a carefully placed asphalt pavement on a controlled aggregate base. Over time this will crack and may develop uneven conditions that trap water and hinder play. Sometimes damage can be repaired but eventually, the court will need to be resurfaced. This unit cost includes standard re-surfacing with the addition of a "Petromat" reinforcement in the pavement that will maintain the surface viability for a long time.



| COMPONENT               | YEAR IN SERVICE | EXPECTED USEFUL LIFE | EXPECTED REPLACEMENT YEAR | ESTIMATED QUANTITY | ESTIMATED UNIT COST | PERCENT REPLACED | ESTIMATED COMPONENT COST |
|-------------------------|-----------------|----------------------|---------------------------|--------------------|---------------------|------------------|--------------------------|
| Tennis Court Fence      | 2001            | 24                   | 2031                      | 356.00 LF          | \$24.00             | 100.00%          | \$8,544.00               |
| Baseball Backstop Fence | 2001            | 30                   | 2031                      | 112.00 LF          | \$32.00             | 100.00%          | \$3,584.00               |
| Buffer Fencing          | 2001            | 30                   | 2031                      | 1.00 LS            | \$9,129.00          | 12.00%           | \$9,129.00               |
| Play Area Fence         | 2001            | 30                   | 2031                      | 182.00 LF          | \$12.00             | 100.00%          | \$2,184.00               |
| Pool Fence              | 2001            | 25                   | 2026                      | 1.00 LS            | \$6,210.00          | 100.00%          | \$6,210.00               |

All of the community fences are included in this group. Most of the fencing is chain link, however service lives will vary with the type of use and location. Some replacements are budgeted to coordinate with other major work in the same area. We will re-evaluate each fence over time, and vary the projections based on their relative wear and aging. All fence prices are based on current budget prices from Lewis Fencing Company in Richmond.

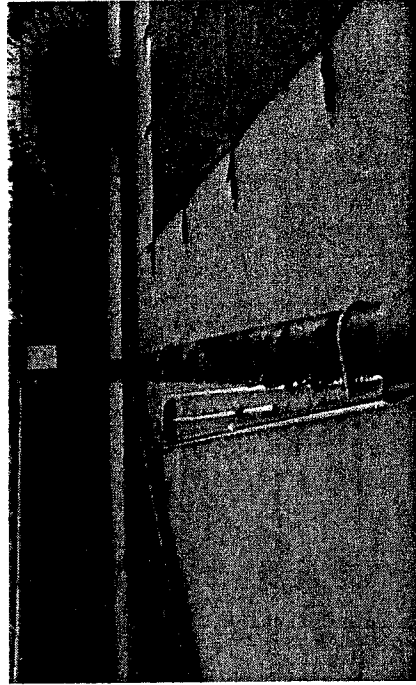
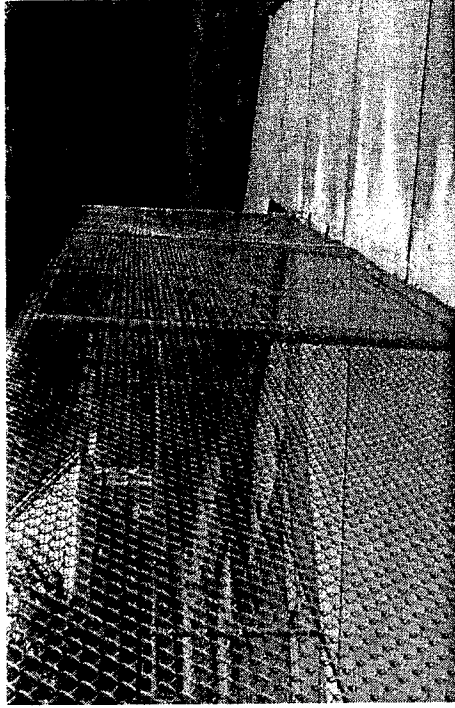
Tennis Court Fence: The chain link fence surrounding the tennis court used galvanized framing with vinyl coated fence fabric. The vinyl helps protect the metal from rust, but over time the vinyl surface oxidizes and deteriorates from exposure to the sun. We estimate the fence will need replacing in approximately 30 years. We measured 356 linear feet of 10 foot high fencing @ \$24.50 per linear foot. These fences can get abuse from repeated tennis ball impacts. In the case of this fence, it appears to be getting some impacts from baseballs coming from the adjacent ball field. We have budgeted fence replacement to coordinate with expected court resurfacing.

Baseball Backstop Fence: At the recreation area there is a baseball backstop measuring 112 linear feet of 16' high chain link fence. This fence was noted in our previous study with one end damaged. On our visit this year the backstop is in good condition, having been repaired. We are budgeting for full replacement of the backstop 22 years from now.

Buffer Fencing: A community border fence is adjacent to the recreation area. It consists of approximately 502' of 6' high chain link fence and approximately 100' of a vertical board wood privacy fence. Replacing the chain link fence costs approximately \$14.50 per foot, and replacing the wood fence costs approximately \$18.50 per foot. We have budgeted for full replacement in 22 years.

Play Area Fence: The children's play structure near the picnic pavilion is surrounded by a 4' high chain link fence. We measured 182 feet of fence. Current budget costing is \$12.00 per foot, or a total of it would cost \$1,365.00 to replace.

Pool Fence: The swimming pool is surrounded by a 6' high; 372' long chain link fence. Inside, the baby pool is separated from the adult pool by a 4' high; 68 long chain link fence. We estimate the cost of the 6' fence at \$14.50 per linear foot (\$5,394.00), and the 4' fence at \$12.00 per linear foot (\$816.00). The total of the two fences is \$6,210.00. We have shortened our life projection based on the high active use of this area, and also related this work to possible pool deck replacement in 25 years.





| COMPONENT                      | YEAR IN SERVICE | EXPECTED USEFUL LIFE | EXPECTED REPLACEMENT YEAR | ESTIMATED QUANTITY | ESTIMATED UNIT COST | PERCENT REPLACED | ESTIMATED COMPONENT COST |
|--------------------------------|-----------------|----------------------|---------------------------|--------------------|---------------------|------------------|--------------------------|
| Pool Deck                      | 2001            | 25                   | 2026                      | 6,248.00 SF        | \$12.56             | 25.00%           | \$19,618.72              |
| Pool Joint & Pool Coping Tiles | 2001            | 14                   | 2015                      | 292.00 LF          | \$7.50              | 100.00%          | \$2,190.00               |
| Pool Resurfacing               | 2001            | 14                   | 2015                      | 3,809.00 SF        | \$5.00              | 100.00%          | \$19,045.00              |
| Pool Equipment                 | 2001            | 9                    | 2016                      | 1.00 LS            | \$2,402.00          | 35.00%           | \$840.70                 |
| Pool Filtration                | 2001            | 15                   | 2016                      | 1.00 LS            | \$3,600.00          | 50.00%           | \$1,800.00               |
| Pool Pumps & Strainers         | 2001            | 15                   | 2016                      | 1.00 LS            | \$4,000.00          | 100.00%          | \$4,000.00               |
| Pool Covers                    | 2001            | 12                   | 2013                      | 2,920.00 SF        | \$2.00              | 100.00%          | \$5,840.00               |

Pool Deck: The concrete decks around the pool is in good condition. This is a large and potentially costly component to replace. Working around the pool is more costly, and replacement often includes replacement of pool piping under the deck. It is not necessary to replace a concrete deck all at one time, and we are budgeting conservatively for replacement of only 25% at one time.

Pool Joint & Pool Coping Tiles: This includes the circumference tile trim around the main pool 228 LF, and the baby pool 64 LF. We have revised this component to include replacement of the pool joint between the pool wall and the concrete deck. We do not expect to have to replace the tiles "en masse", but have budgeted for piece replacement as needed due to breaks.

Pool Resurfacing: The swimming pool inside finish is Marbelite. The pool was covered at the time of our visits, so we did not see the present condition. According to Steve Anderson of Pool Specialties and Supplies, the pool has had some base spots where the surface coating is worn off. Where noted, these were repaired. He projects that the pool will need a general resurfacing in five years. We have budgeted for replacement in that time frame. Current re-surfacing costs are volatile, given the slow economy, and some work is being done now at less than the budget cost that we project. We feel that our budget should remain conservative, as prices may return to their normal range by the time you need to resurface

Pool Equipment: This component is for the pool equipment listed below. A survey of this equipment showed that the lifeguard chair is in poor condition and should be replaced before next pool season. We have budgeted funds for that, with the remainder extended out to 18 years.

Entrance hand rails - 3 sets @ \$300.00 ..... \$900.00  
 Portable life guard stand ..... \$850.00  
 Suncast storage cabinets - GS2500 @ \$290.00 & GS4000 @ \$362.00 ..... \$652.00  
 TOTAL..... \$2,402.00

Pool Filtration: We have lowered the price of the pool filters, based on input from Pool Specialties and Supplies, and we have increased the projected service life, with budgeting to replace all filters after 25 years. Presently, they appear to be in very good condition.

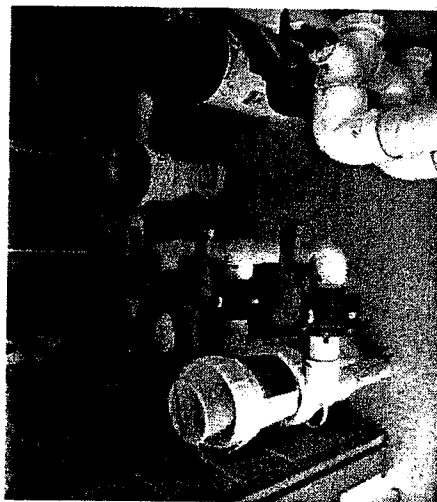
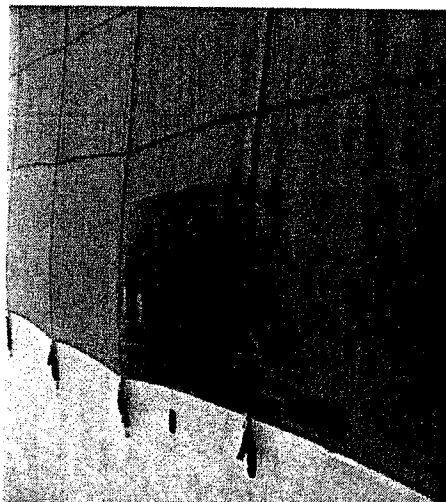
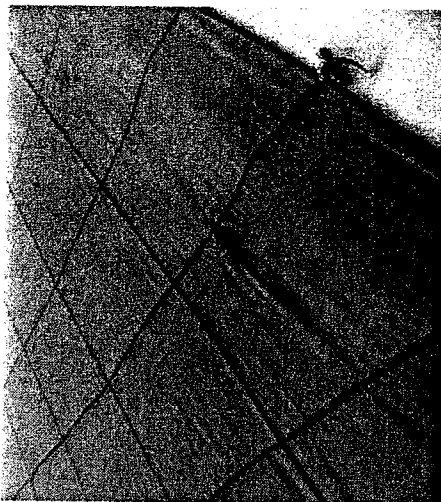
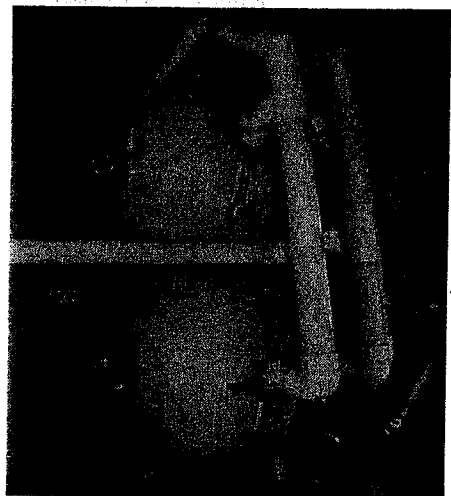
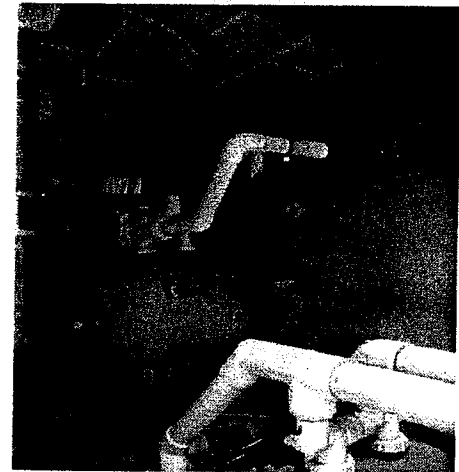
|                                                                          |                   |
|--------------------------------------------------------------------------|-------------------|
| 2 - Triton II 36" TR140C fiberglass Purex sand filters @ \$1,500.00 each | \$3,000.00        |
| 1 - Triton II 24" fiberglass Purex sand filter                           | \$600.00          |
| <b>TOTAL</b>                                                             | <b>\$9,200.00</b> |

Pool Pumps & Strainers: There are two pumps with strainers - the 7.5 hp pump is for the adult pool, and 3/4 hp pump is for the baby pool. We have allowed a 15 year life for these. Often, large pump motors can be repaired rather than replaced, whereas the smaller pump is easier to replace than repair. We are budgeting for replacement of both after 15 years, although life expectancy can vary widely.

|                                    |                   |
|------------------------------------|-------------------|
| 1 - Hayward pump with 7.5 hp motor | \$3,400.00        |
| 1 - Hayward pump with 3/4 hp motor | \$600.00          |
| <b>Total</b>                       | <b>\$4,000.00</b> |

Pool Covers: The main pool's cover is approximately 2,632 SF and the baby pool 288 SF. The large cover is in fair condition with excessive wear noted in some areas and some past repairs. The small cover looks better. We are reducing the expected service life from 15 years to 12 years, and budgeting for replacement in 2013.





| COMPONENT               | YEAR IN SERVICE | EXPECTED USEFUL LIFE | EXPECTED REPLACEMENT YEAR | ESTIMATED QUANTITY | ESTIMATED UNIT COST | PERCENT REPLACED | ESTIMATED COMPONENT COST |
|-------------------------|-----------------|----------------------|---------------------------|--------------------|---------------------|------------------|--------------------------|
| Pool & Picnic Furniture | 2006            | 5                    | 2011                      | 1.00 LS            | \$3,850.00          | 50.00%           | \$1,925.00               |
| Playground Equipment    | 2001            | 15                   | 2016                      | 1.00 LS            | \$10,005.00         | 100.00%          | \$10,005.00              |

Pool & Picnic Furniture : We allowed funds to replace 50% of the pool and picnic furniture every 5 years. We observed the following items, which are generally in fair to good condition:

- 4 - Plastic Tables (2 square, 2 round - white metal) @ \$150.00:..... \$600.00
- 7 - Umbrellas @ \$140.00:..... \$980.00
- 8 - Umbrella stands (3 stone, 5 metal) @ \$50.00:..... \$400.00
- 24 - Plastic chairs (varying styles) @ \$50.00 . . . . . \$1,200.00
- 21 - Lounge chairs @ \$180.00..... \$3,780.00
- 4 - 6' long "Lifetime" fiberglass picnic tables @ \$260.00..... \$1,040.00
- 2 - Two sided bike racks @ \$280.00.....\$560.00

TOTAL..... \$8,560.00

Playground Equipment: The wood play structure is beginning to show its age with fading stain on the wood members. This should be re-stained to preserve the wood for a longer time. The drying wood will be a potential source of splinters. Generally, communities are purchasing structures made from metal, fiberglass or re-cycled composite materials, to replace older wood structures. Big Toys Inc. recommended an "Escape" climbing structure (\$7,970.00) and a 2-bay swing set with infant seats (\$2,035.00) We've allowed funds to replace this equipment after a 15 year life - or 2016. The total cost would be:..... \$10,005.00



| COMPONENT                    | YEAR IN SERVICE | EXPECTED USEFUL LIFE | EXPECTED REPLACEMENT YEAR | ESTIMATED QUANTITY | ESTIMATED UNIT COST | PERCENT REPLACED | ESTIMATED COMPONENT COST |
|------------------------------|-----------------|----------------------|---------------------------|--------------------|---------------------|------------------|--------------------------|
| Pool House & Pavilion Roofs  | 2001            | 30                   | 2031                      | 28.00 SQ           | \$320.00            | 100.00%          | \$8,960.00               |
| Garage Roof                  | 2009            | 30                   | 2039                      | 8.00 SQ            | \$320.00            | 100.00%          | \$2,560.00               |
| Pool House & Pavilion Siding | 2001            | 50                   | 2051                      | 1,536.00 SF        | \$5.60              | 100.00%          | \$8,601.50               |
| Garage Siding                | 2009            | 50                   | 2059                      | 1,000.00 SF        | \$5.60              | 100.00%          | \$5,600.00               |
| Toilet Room Stalls           | 2001            | 20                   | 2026                      | 2.00 EA            | \$750.00            | 100.00%          | \$1,500.00               |

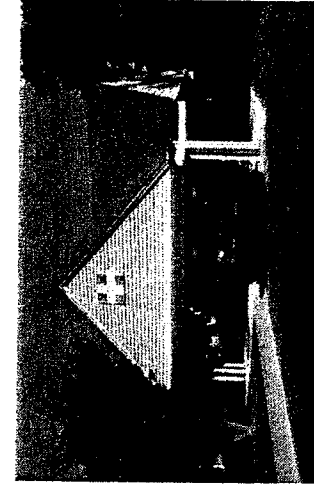
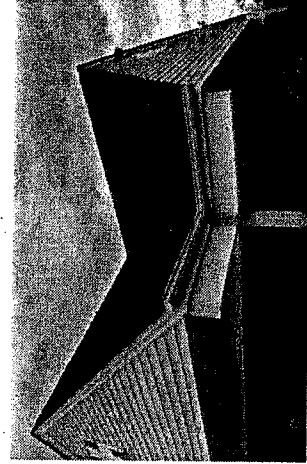
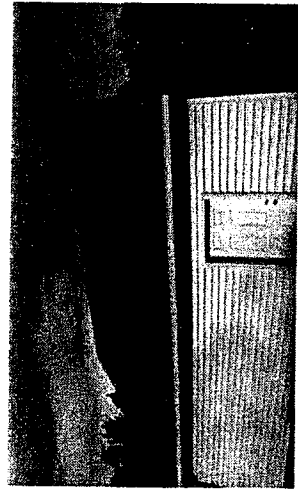
Pool House & Pavilion Roofs: We estimated approximately 14 squares of shingles on each of the pool house and pavilion roofs. Our current estimated replacement budget (based on recent bids by Paul Saunders Roofing, Richmond) is \$320.00 per square, or \$8,960.00 for both roofs. These roofs appear to be in excellent condition and we do not anticipate replacement until 2031.

Garage Roof: A storage garage was added this year (2009). It has the same roof shingles as the other buildings. They are in new condition, with a projected 30 year life.

Pool House & Pavilion Siding: The siding on these structures is vinyl. We project a 50 year life for this product, based on slow eventual deterioration of the material primarily from UV rays. The siding is in very good condition at this time.

Garage Siding: The garage is sided in the same manner as the other buildings. We project a 50 year life for this vinyl, beginning this year.

Toilet Room Stalls: There is one stall in each toilet room, constructed of painted wood. We are projecting a 20 year service life based on the damp environment and possible physical damage that may occur over time. The replacement cost for similar manufactured stalls is about \$750.00 each.



## 6. SCHEDULE OF COMPONENTS - COMPONENT METHOD ANALYSIS

The following page contains a listing of all components visually observed at Williamsburg Bluffs during our site visits in October and November, 2009. This schedule identifies all components in each group, their expected useful life, quantity of each, unit cost of each, and total expected replacement cost.

Year In Service: We identify our estimate of the year that each component was placed in service (built, installed, replaced, etc.).

Percent Replaced: Some components will require partial replacement over time, but will never require 100% replacement at the same time. To take this into account, we include a percentage column in the schedule which adjusts the replacement cost by the percentage expected to be replaced.

Units of Measure: The units used in this report are as follows:

SF = Square Feet  
SQ = Square (100 square feet)  
CY = Cubic Yard  
SY = Square Yard

PR = Pair  
LF = Linear Foot  
LS = Lump Sum (Total of all Parts)  
EA = Each

### Component Cost Funding

These schedules include a component cost analysis for each group of components. The column titled Annual Component Cost gives the amount that should have been set aside yearly, from the date the component was put in service, in order to fully fund that component's replacement. The column titled Expected Component Fund Balance calculates what your reserve fund balance should be if it is fully funded as of the date listed (beginning date of the study period).

At the bottom of the table, we provide totals, including a line titled: Actual Present Fund Balance. This is the amount that is expected to actually be in your reserve fund at the beginning date of the study period. The line below this - % Fully Funded calculates the percentage of the total Expected Fund Balance (Full Funding), that this number represents. The final column, titled Adjusted Annual Component Cost advises the amount that needs to be contributed to the reserve fund for each component, going forward, based on the amount funded to date. This recommendation is based solely on the Component Cost Method, and is generally not the method recommended in our study. We provide this information to determine the health of your reserve account, and to provide a comparison to the recommended Cash Flow reserve calculation, later in this report.

LINE DESCRIPTION

| LINE                                 | DESCRIPTION                    | YEAR IN SERVICE | EXPECTED USEFUL LIFE (EUL) YEARS | EXPECTED REPLACEMENT YEAR | ESTIMATED QUANTITY (QTY) | UNIT COST (UC) | PERCENT REPLACED (%) | REPLACEMENT COST (RC) (CITY x UC x %) | ANNUAL COMPONENT COST (RC / EUL) | EXPECTED COMPONENT FUND BALANCE (ECFB) 31-Dec-2009 | ADJUSTED ANNUAL COMPONENT COST |
|--------------------------------------|--------------------------------|-----------------|----------------------------------|---------------------------|--------------------------|----------------|----------------------|---------------------------------------|----------------------------------|----------------------------------------------------|--------------------------------|
| 1                                    | Entrance Wall and Sign         | 1990            | 20                               | 2010                      | 99.00 SF                 | \$11.00        | 25.00%               | \$272.25                              | \$13.61                          | \$258.64                                           | \$75.40                        |
| 2                                    | Asphalt Sealer                 | 2007            | 3                                | 2010                      | 1,038.20 SY              | \$1.08         | 100.00%              | \$1,121.26                            | \$373.75                         | \$747.50                                           | \$52.32                        |
| 3                                    | Asphalt Resurfacing            | 2001            | 20                               | 2021                      | 1,038.20 SY              | \$8.50         | 100.00%              | \$8,824.70                            | \$441.24                         | \$3,529.88                                         | \$511.50                       |
| 4                                    | Concrete Curbs                 | 2001            | 30                               | 2031                      | 236.00 LF                | \$34.20        | 10.00%               | \$807.12                              | \$26.90                          | \$215.23                                           | \$29.24                        |
| 5                                    | Concrete Sidewalks             | 2001            | 25                               | 2026                      | 2,832.00 SF              | \$12.00        | 10.00%               | \$3,398.40                            | \$135.94                         | \$1,087.49                                         | \$151.22                       |
| 6                                    | Storm Drains                   | 2001            | 40                               | 2041                      | 1.00 LS                  | \$3,000.00     | 100.00%              | \$3,000.00                            | \$75.00                          | \$600.00                                           | \$79.48                        |
| 7                                    | Parking Lot Lights             | 2001            | 24                               | 2025                      | 3.00 EA                  | \$1,800.00     | 100.00%              | \$5,400.00                            | \$225.00                         | \$1,800.00                                         | \$251.87                       |
| 8                                    | Tennis Surface Treatment       | 2008            | 3                                | 2011                      | 790.00 SY                | \$4.81         | 100.00%              | \$3,799.90                            | \$1,266.63                       | \$1,266.63                                         | \$1,417.92                     |
| 9                                    | Tennis Court Resurfacing       | 2001            | 24                               | 2025                      | 790.00 SY                | \$22.78        | 100.00%              | \$17,996.20                           | \$749.84                         | \$5,998.73                                         | \$839.40                       |
| 10                                   | Tennis Court Fence             | 2001            | 30                               | 2031                      | 366.00 LF                | \$24.00        | 100.00%              | \$8,544.00                            | \$284.80                         | \$2,278.40                                         | \$309.54                       |
| 11                                   | Baseball Backstop Fence        | 2001            | 30                               | 2031                      | 112.00 LF                | \$32.00        | 100.00%              | \$3,584.00                            | \$119.47                         | \$955.73                                           | \$129.84                       |
| 12                                   | Buffer Fencing                 | 2001            | 30                               | 2031                      | 1.00 LS                  | \$9,129.00     | 100.00%              | \$9,129.00                            | \$304.30                         | \$2,434.40                                         | \$330.73                       |
| 13                                   | Play area Fence                | 2001            | 30                               | 2031                      | 182.00 LF                | \$12.00        | 100.00%              | \$2,184.00                            | \$72.80                          | \$582.40                                           | \$79.12                        |
| 14                                   | Pool Fence                     | 2001            | 25                               | 2026                      | 1.00 LS                  | \$6,210.00     | 100.00%              | \$6,210.00                            | \$248.40                         | \$1,987.20                                         | \$276.32                       |
| 15                                   | Pool Deck                      | 2001            | 25                               | 2026                      | 6,248.00 SF              | \$12.56        | 25.00%               | \$19,618.72                           | \$784.75                         | \$6,277.99                                         | \$872.97                       |
| 16                                   | Pool Joint and Coping Tiles    | 2001            | 14                               | 2015                      | 292.00 LF                | \$7.50         | 100.00%              | \$2,190.00                            | \$156.43                         | \$1,251.43                                         | \$206.25                       |
| 17                                   | Pool Resurfacing               | 2001            | 14                               | 2015                      | 3,809.00 SF              | \$5.00         | 100.00%              | \$19,045.00                           | \$1,360.36                       | \$10,882.86                                        | \$1,793.65                     |
| 18                                   | Pool Equipment                 | 2001            | 9                                | 2010                      | 1.00 LS                  | \$2,402.00     | 35.00%               | \$840.70                              | \$93.41                          | \$747.29                                           | \$271.93                       |
| 19                                   | Pool Filtration                | 2001            | 25                               | 2026                      | 1.00 LS                  | \$3,600.00     | 100.00%              | \$3,600.00                            | \$144.00                         | \$1,152.00                                         | \$160.19                       |
| 20                                   | Pool Pumps and Strainers       | 2001            | 15                               | 2016                      | 1.00 LS                  | \$4,000.00     | 100.00%              | \$4,000.00                            | \$266.67                         | \$2,133.33                                         | \$339.47                       |
| 21                                   | Pool Covers                    | 2001            | 12                               | 2013                      | 2,920.00 SF              | \$2.00         | 100.00%              | \$5,840.00                            | \$486.67                         | \$3,893.33                                         | \$719.18                       |
| 22                                   | Pool and Picnic Furniture      | 2001            | 5                                | 2006                      | 1.00 LS                  | \$3,850.00     | 50.00%               | \$1,925.00                            | \$385.00                         | \$3,080.00                                         | \$139.75                       |
| 23                                   | Playground Equipment           | 2001            | 15                               | 2016                      | 1.00 LS                  | \$4,334.00     | 50.00%               | \$2,167.00                            | \$144.47                         | \$1,155.73                                         | \$183.91                       |
| 24                                   | Pool House and Pavilion Roofs  | 2001            | 30                               | 2031                      | 28.00 SQ                 | \$320.00       | 100.00%              | \$8,960.00                            | \$298.67                         | \$2,389.33                                         | \$324.61                       |
| 25                                   | Garage Roof                    | 2009            | 30                               | 2039                      | 8.00 SQ                  | \$320.00       | 100.00%              | \$2,560.00                            | \$85.33                          | \$0.00                                             | \$85.33                        |
| 26                                   | Pool House and Pavilion Siding | 2001            | 50                               | 2051                      | 1,536.00 SF              | \$5.60         | 100.00%              | \$8,601.60                            | \$172.03                         | \$1,376.26                                         | \$179.86                       |
| 27                                   | Garage Siding                  | 2009            | 50                               | 2059                      | 1,000.00 SF              | \$5.60         | 100.00%              | \$5,600.00                            | \$112.00                         | \$0.00                                             | \$112.00                       |
| 28                                   | Toilet Room Stalls             | 2001            | 20                               | 2021                      | 2.00 EA                  | \$750.00       | 100.00%              | \$1,500.00                            | \$75.00                          | \$600.00                                           | \$86.94                        |
| 29                                   |                                |                 |                                  |                           |                          |                |                      |                                       |                                  |                                                    |                                |
| 30                                   |                                |                 |                                  |                           |                          |                |                      |                                       |                                  |                                                    |                                |
| TOTAL REPLACEMENT COST               |                                |                 |                                  |                           |                          |                |                      |                                       |                                  |                                                    | \$160,718.85                   |
| TARGET ANNUAL CONTRIBUTION           |                                |                 |                                  |                           |                          |                |                      |                                       |                                  |                                                    | \$8,902.46                     |
| EXPECTED FUND BALANCE (FULL FUNDING) |                                |                 |                                  |                           |                          |                |                      |                                       |                                  |                                                    | \$58,681.80                    |
| ACTUAL PRESENT FUND BALANCE          |                                |                 |                                  |                           |                          |                |                      |                                       |                                  |                                                    | \$44,683.65                    |
| % FULLY FUNDED                       |                                |                 |                                  |                           |                          |                |                      |                                       |                                  |                                                    | 76.11%                         |
| ADJUSTED ANNUAL CONTRIBUTION         |                                |                 |                                  |                           |                          |                |                      |                                       |                                  |                                                    | \$10,509.96                    |

## 7. SCHEDULE OF COMPONENTS - CASH FLOW METHOD ANALYSIS

The Cash Flow Method for reserve calculations is the most effective tool for determining long term budget needs as well as for using the accumulated funds in the most efficient and effective manner. Instead of funding each component individually, this method "pools" all projected expenses for all components, in each fiscal year over the life of the study. The analyst then calculates a fixed annual amount that can be contributed every year to achieve your overall funding goals. This fixed amount actually funds each individual component at a varying rate, so that the account only accumulates monies needed to satisfy it in any given year. This contribution amount may be greater than or less than the component method calculation depending on several factors. These include the health of the present account, the nature, size and frequency of expected component outlays, and the impacts of inflation and account growth from savings or investments.

Our study uses a combination of Threshold and Discounted funding. Threshold funding means that we design the funding plan to allow the account to drop down to a minimum cash "threshold", as opposed to Baseline funding, where the threshold is zero (\$0.00). We define the minimum threshold used in this study, at the beginning of the report. Discounting, means that we incorporate the expected effects of inflation over the period of the study. Inflation "discounts" the value of the dollar over time, which increases replacement costs in future years over the current dollar amounts determined in our study.

The projected expenditures for each category of improvements in the Component Schedules (previous section), are placed in each year of the fifty-year study period, in Cash Flow schedules on the following pages. There are five pages - one page for each ten-year period. For communities with a large number of components, the list may be divided into more than one category. In that case there will be five pages for each category.

All replacement values are expressed on these sheets in current dollars. The total expenditures in each year are then carried over to Section 7 of this report - Cash Flow Analysis Spreadsheets. (See next section).

The five pages that follow this page provide the fifty-year spread sheet calculation for all anticipated expenses from the above sheets. The top of the first page summarizes the Present Account Balance, as appropriated among the reserve component categories. All sheets list each year by both consecutive year number from the beginning study date, and by calendar year. Note: if your fiscal year is not the calendar year, the calendar year date will be the year when your fiscal year ends. Below the dates, we summarize the Total Annual Expenditures in current dollars for each category in each year of the study.

Below the next line, all figures are *escalated annually based on the projected inflation rate* that we have established for this study. We start with the Beginning Year Balance for each year. Then we subtract the Total Annual Expenditures in each year. The next line adds the Target Annual Contribution which we have calculated using formulas in the study. Below that, we add any estimated Investment Income On Prior Year Balance. This means any interest earned on savings, or returns on investment of your funds on deposit. The line below this computes the estimated End Of Year Balance in each year.

The very bottom line, takes the minimum account threshold, which we have set at the beginning of the report, and displays what that number becomes over time, as it is escalated by inflation. The number in each year is the minimum allowable balance in that year. In the year where the account is drawn down to this minimum balance, the End of Year Balance should equal this number.



| LINE                                  | CASH FLOW RESERVE ANALYSIS     | YEARS      |            |        |            |            |             |             |            |            |            |            |
|---------------------------------------|--------------------------------|------------|------------|--------|------------|------------|-------------|-------------|------------|------------|------------|------------|
|                                       |                                | 1          | 2          | 3      | 4          | 5          | 6           | 7           | 8          | 9          | 10         |            |
| WILLIAMSBURG BLUFFS                   |                                | YEAR       | 2010       | 2011   | 2012       | 2013       | 2014        | 2015        | 2016       | 2017       | 2018       | 2019       |
| CAPITAL RESERVES - YEARS 1 THROUGH 10 |                                |            |            |        |            |            |             |             |            |            |            |            |
| 1                                     | Entrance Wall and Sign         | \$272.25   |            |        |            |            |             |             |            |            |            |            |
| 2                                     | Asphalt Sealer                 | \$1,121.26 |            |        |            |            |             |             |            |            |            |            |
| 3                                     | Asphalt Resurfacing            |            |            |        | \$1,121.26 |            |             |             | \$1,121.26 |            |            | \$1,121.26 |
| 4                                     | Concrete Curbs                 |            |            |        |            |            |             |             |            |            |            |            |
| 5                                     | Concrete Sidewalks             |            |            |        |            |            |             |             |            |            |            |            |
| 6                                     | Storm Drains                   |            |            |        |            |            |             |             |            |            |            |            |
| 7                                     | Parking Lot Lights             |            |            |        |            |            |             |             |            |            |            |            |
| 8                                     | Tennis Surface Treatment       |            | \$3,799.90 |        |            |            |             |             |            | \$3,799.90 |            |            |
| 9                                     | Tennis Court Resurfacing       |            |            |        |            |            |             |             |            |            |            |            |
| 10                                    | Tennis Court Fence             |            |            |        |            |            |             |             |            |            |            |            |
| 11                                    | Baseball Backstop Fence        |            |            |        |            |            |             |             |            |            |            |            |
| 12                                    | Buffer Fencing                 |            |            |        |            |            |             |             |            |            |            |            |
| 13                                    | Play area Fence                |            |            |        |            |            |             |             |            |            |            |            |
| 14                                    | Pool Fence                     |            |            |        |            |            |             |             |            |            |            |            |
| 15                                    | Pool Deck                      |            |            |        |            |            |             |             |            |            |            |            |
| 16                                    | Pool Joint and Coping Tiles    |            |            |        |            |            |             | \$2,190.00  |            |            |            |            |
| 17                                    | Pool Resurfacing               |            |            |        |            |            |             | \$19,045.00 |            |            |            | \$840.70   |
| 18                                    | Pool Equipment                 | \$840.70   |            |        |            |            |             |             |            |            |            |            |
| 19                                    | Pool Filtration                |            |            |        |            |            |             |             |            |            |            |            |
| 20                                    | Pool Pumps and Strainers       |            |            |        |            |            |             |             |            |            |            |            |
| 21                                    | Pool Covers                    |            |            |        |            |            |             |             |            | \$4,000.00 |            |            |
| 22                                    | Pool and Picnic Furniture      |            |            |        |            |            |             |             |            |            |            |            |
| 23                                    | Playground Equipment           |            |            |        |            |            |             |             |            |            |            |            |
| 24                                    | Pool House and Pavilion Roofs  |            |            |        |            |            |             |             |            | \$2,167.00 |            |            |
| 25                                    | Garage Roof                    |            |            |        |            |            |             |             |            |            |            |            |
| 26                                    | Pool House and Pavilion Siding |            |            |        |            |            |             |             |            |            |            |            |
| 27                                    | Garage Siding                  |            |            |        |            |            |             |             |            |            |            |            |
| 28                                    | Toilet Room Stalls             |            |            |        |            |            |             |             |            |            |            |            |
| 29                                    |                                |            |            |        |            |            |             |             |            |            |            |            |
| 30                                    |                                |            |            |        |            |            |             |             |            |            |            |            |
| <b>TOTAL ANNUAL EXPENDITURES</b>      |                                | \$2,234.21 | \$3,799.90 | \$0.00 | \$6,961.26 | \$3,799.90 | \$21,235.00 | \$7,288.26  | \$3,799.90 | \$0.00     | \$1,961.96 |            |

| LINE                                   | CASH FLOW RESERVE ANALYSIS     | YEARS      |             |            |            |        |             |             |        |            |             |
|----------------------------------------|--------------------------------|------------|-------------|------------|------------|--------|-------------|-------------|--------|------------|-------------|
|                                        |                                | 11         | 12          | 13         | 14         | 15     | 16          | 17          | 18     | 19         | 20          |
| WILLIAMSBURG BLUFFS                    |                                | 2020       | 2021        | 2022       | 2023       | 2024   | 2025        | 2026        | 2027   | 2028       | 2029        |
| CAPITAL RESERVES - YEARS 11 THROUGH 20 |                                |            |             |            |            |        |             |             |        |            |             |
| 1                                      | Entrance Wall and Sign         |            |             | \$1,121.26 |            |        | \$1,121.26  |             |        | \$1,121.26 |             |
| 2                                      | Asphalt Sealer                 |            |             |            |            |        |             |             |        |            |             |
| 3                                      | Asphalt Resurfacing            |            | \$8,824.70  |            |            |        |             |             |        |            |             |
| 4                                      | Concrete Curbs                 |            |             |            |            |        |             |             |        |            |             |
| 5                                      | Concrete Sidewalks             |            |             |            |            |        |             | \$3,398.40  |        |            |             |
| 6                                      | Storm Drains                   |            |             |            |            |        |             |             |        |            |             |
| 7                                      | Parking Lot Lights             |            |             |            |            |        | \$5,400.00  |             |        |            |             |
| 8                                      | Tennis Surface Treatment       | \$3,799.90 |             |            | \$3,799.90 |        |             | \$3,799.90  |        |            | \$3,799.90  |
| 9                                      | Tennis Court Resurfacing       |            |             |            |            |        | \$17,986.20 |             |        |            |             |
| 10                                     | Tennis Court Fence             |            |             |            |            |        |             |             |        |            |             |
| 11                                     | Baseball Backstop Fence        |            |             |            |            |        |             |             |        |            |             |
| 12                                     | Buffer Fencing                 |            |             |            |            |        |             |             |        |            |             |
| 13                                     | Play area Fence                |            |             |            |            |        |             |             |        |            |             |
| 14                                     | Pool Fence                     |            |             |            |            |        |             | \$5,210.00  |        |            |             |
| 15                                     | Pool Deck                      |            |             |            |            |        |             | \$19,618.72 |        |            | \$2,190.00  |
| 16                                     | Pool Joint and Coping Tiles    |            |             |            |            |        |             |             |        |            | \$19,045.00 |
| 17                                     | Pool Resurfacing               |            |             |            |            |        |             |             |        |            |             |
| 18                                     | Pool Equipment                 |            |             |            |            |        |             |             |        | \$840.70   |             |
| 19                                     | Pool Filtration                |            |             |            |            |        |             | \$3,600.00  |        |            |             |
| 20                                     | Pool Pumps and Strainers       |            |             |            |            |        |             |             |        |            |             |
| 21                                     | Pool Covers                    |            |             |            |            |        | \$5,840.00  |             |        |            |             |
| 22                                     | Pool and Picnic Furniture      |            |             |            |            |        |             |             |        |            |             |
| 23                                     | Playground Equipment           |            |             |            |            |        |             |             |        |            |             |
| 24                                     | Pool House and Pavilion Roofs  |            |             |            |            |        |             |             |        |            |             |
| 25                                     | Garage Roof                    |            |             |            |            |        |             |             |        |            |             |
| 26                                     | Pool House and Pavilion Siding |            |             |            |            |        |             |             |        |            |             |
| 27                                     | Garage Siding                  |            |             |            |            |        |             |             |        |            |             |
| 28                                     | Toilet Room Stalls             |            | \$1,500.00  |            |            |        |             |             |        |            |             |
| 29                                     |                                |            |             |            |            |        |             |             |        |            |             |
| 30                                     |                                |            |             |            |            |        |             |             |        |            |             |
| <b>TOTAL ANNUAL EXPENDITURES</b>       |                                | \$3,799.90 | \$10,324.70 | \$1,121.26 | \$3,799.90 | \$0.00 | \$30,357.46 | \$36,627.02 | \$0.00 | \$1,961.96 | \$25,034.90 |

LINE CASH FLOW RESERVE ANALYSIS

YEARS

|                                        | 21       | 22          | 23         | 24     | 25         | 26         | 27     | 28         | 29         | 30         |
|----------------------------------------|----------|-------------|------------|--------|------------|------------|--------|------------|------------|------------|
| WILLIAMSBURG BLUFFS                    |          |             |            |        |            |            |        |            |            |            |
| CAPITAL RESERVES - YEARS 21 THROUGH 30 | 2030     | 2031        | 2032       | 2033   | 2034       | 2035       | 2036   | 2037       | 2038       | 2039       |
| 1 Entrance Wall and Sign               | \$272.25 |             |            |        |            |            |        |            |            |            |
| 2 Asphalt Sealer                       |          | \$1,121.26  |            |        | \$1,121.26 |            |        | \$1,121.26 |            |            |
| 3 Asphalt Resurfacing                  |          |             |            |        |            |            |        |            |            |            |
| 4 Concrete Curbs                       |          | \$807.12    |            |        |            |            |        |            |            |            |
| 5 Concrete Sidewalks                   |          |             |            |        |            |            |        |            |            |            |
| 6 Storm Drains                         |          |             |            |        |            |            |        |            |            |            |
| 7 Parking Lot Lights                   |          |             |            |        |            |            |        |            |            |            |
| 8 Tennis Surface Treatment             |          |             | \$3,799.90 |        |            | \$3,799.90 |        |            | \$3,799.90 |            |
| 9 Tennis Court Resurfacing             |          |             |            |        |            |            |        |            |            |            |
| 10 Tennis Court Fence                  |          | \$8,544.00  |            |        |            |            |        |            |            |            |
| 11 Baseball Backstop Fence             |          | \$3,584.00  |            |        |            |            |        |            |            |            |
| 12 Buffer Fencing                      |          | \$9,129.00  |            |        |            |            |        |            |            |            |
| 13 Play area Fence                     |          | \$2,184.00  |            |        |            |            |        |            |            |            |
| 14 Pool Fence                          |          |             |            |        |            |            |        |            |            |            |
| 15 Pool Deck                           |          |             |            |        |            |            |        |            |            |            |
| 16 Pool Joint and Coping Tiles         |          |             |            |        |            |            |        |            |            |            |
| 17 Pool Resurfacing                    |          |             |            |        |            |            |        | \$840.70   |            |            |
| 18 Pool Equipment                      |          |             |            |        |            |            |        |            |            |            |
| 19 Pool Filtration                     |          |             |            |        |            |            |        |            |            |            |
| 20 Pool Pumps and Strainers            |          | \$4,000.00  |            |        |            |            |        |            |            |            |
| 21 Pool Covers                         |          |             |            |        |            |            |        |            |            |            |
| 22 Pool and Picnic Furniture           |          |             |            |        |            |            |        | \$5,840.00 |            |            |
| 23 Playground Equipment                |          |             |            |        |            |            |        |            |            |            |
| 24 Pool House and Pavilion Roofs       |          | \$2,167.00  |            |        |            |            |        |            |            |            |
| 25 Garage Roof                         |          |             |            |        |            |            |        |            |            |            |
| 26 Pool House and Pavilion Siding      |          | \$8,601.60  |            |        |            |            |        |            |            | \$2,560.00 |
| 27 Garage Siding                       |          |             |            |        |            |            |        |            |            |            |
| 28 Toilet Room Stalls                  |          |             |            |        |            |            |        |            |            |            |
| 29                                     |          |             |            |        |            |            |        |            |            |            |
| 30                                     |          |             |            |        |            |            |        |            |            |            |
| <b>TOTAL ANNUAL EXPENDITURES</b>       | \$272.25 | \$40,137.98 | \$3,799.90 | \$0.00 | \$1,121.26 | \$4,921.16 | \$0.00 | \$7,801.96 | \$3,799.90 | \$2,560.00 |

CASH FLOW RESERVE ANALYSIS

YEARS

|                                        | 31         | 32          | 33     | 34          | 35         | 36     | 37         | 38         | 39     | 40          |
|----------------------------------------|------------|-------------|--------|-------------|------------|--------|------------|------------|--------|-------------|
| WILLAMSBURG BLUFFS                     |            |             |        |             |            |        |            |            |        |             |
| CAPITAL RESERVES - YEARS 31 THROUGH 40 | 2040       | 2041        | 2042   | 2043        | 2044       | 2045   | 2046       | 2047       | 2048   | 2049        |
| 1 Entrance Wall and Sign               |            |             |        |             |            |        |            |            |        |             |
| 2 Asphalt Sealer                       | \$1,121.26 |             |        | \$1,121.26  |            |        | \$1,121.26 |            |        | \$1,121.26  |
| 3 Asphalt Resurfacing                  |            | \$8,824.70  |        |             |            |        |            |            |        |             |
| 4 Concrete Curbs                       |            |             |        |             |            |        |            |            |        |             |
| 5 Concrete Sidewalks                   |            |             |        |             |            |        |            |            |        |             |
| 6 Storm Drains                         |            | \$3,000.00  |        |             |            |        |            |            |        | \$5,400.00  |
| 7 Parking Lot Lights                   |            |             |        |             |            |        |            |            |        |             |
| 8 Tennis Surface Treatment             |            | \$3,799.90  |        |             | \$3,799.90 |        |            | \$3,799.90 |        | \$17,996.20 |
| 9 Tennis Court Resurfacing             |            |             |        |             |            |        |            |            |        |             |
| 10 Tennis Court Fence                  |            |             |        |             |            |        |            |            |        |             |
| 11 Baseball Backstop Fence             |            |             |        |             |            |        |            |            |        |             |
| 12 Buffer Fencing                      |            |             |        |             |            |        |            |            |        |             |
| 13 Play area Fence                     |            |             |        |             |            |        |            |            |        |             |
| 14 Pool Fence                          |            |             |        |             |            |        |            |            |        |             |
| 15 Pool Deck                           |            |             |        |             |            |        |            |            |        |             |
| 16 Pool Joint and Coping Tiles         |            |             |        | \$2,190.00  |            |        |            |            |        |             |
| 17 Pool Resurfacing                    |            |             |        | \$19,045.00 |            |        |            |            |        |             |
| 18 Pool Equipment                      |            |             |        |             |            |        | \$840.70   |            |        |             |
| 19 Pool Filtration                     |            |             |        |             |            |        |            |            |        |             |
| 20 Pool Pumps and Strainers            |            |             |        |             |            |        | \$4,000.00 |            |        | \$5,840.00  |
| 21 Pool Covers                         |            |             |        |             |            |        |            |            |        |             |
| 22 Pool and Picnic Furniture           |            |             |        |             |            |        |            |            |        |             |
| 23 Playground Equipment                |            |             |        |             |            |        | \$2,167.00 |            |        |             |
| 24 Pool House and Pavilion Roofs       |            |             |        |             |            |        |            |            |        |             |
| 25 Garage Roof                         |            |             |        |             |            |        |            |            |        |             |
| 26 Pool House and Pavilion Siding      |            |             |        |             |            |        |            |            |        |             |
| 27 Garage Siding                       |            |             |        |             |            |        |            |            |        |             |
| 28 Toilet Room Stalls                  |            |             |        |             |            |        | \$1,500.00 |            |        |             |
| 29                                     |            |             |        |             |            |        |            |            |        |             |
| 30                                     |            |             |        |             |            |        |            |            |        |             |
| <b>TOTAL ANNUAL EXPENDITURES</b>       | \$1,121.26 | \$15,624.60 | \$0.00 | \$22,356.26 | \$3,799.90 | \$0.00 | \$9,628.96 | \$3,789.90 | \$0.00 | \$30,357.46 |

LINE CASH FLOW RESERVE ANALYSIS  
 WILLIAMSBURG BLUFFS  
 CAPITAL RESERVES - YEARS 41 THROUGH 50

|                                   | YEARS      |             |            |            |        |            |            |             |            |            |
|-----------------------------------|------------|-------------|------------|------------|--------|------------|------------|-------------|------------|------------|
|                                   | 41         | 42          | 43         | 44         | 45     | 46         | 47         | 48          | 49         | 50         |
|                                   | 2050       | 2051        | 2052       | 2053       | 2054   | 2055       | 2056       | 2057        | 2058       | 2059       |
| 1 Entrance Wall and Sign          | \$272.26   |             |            |            |        |            |            |             |            |            |
| 2 Asphalt Sealer                  |            |             | \$1,121.26 |            |        | \$1,121.26 |            |             | \$1,121.26 |            |
| 3 Asphalt Resurfacing             |            |             |            |            |        |            |            |             |            |            |
| 4 Concrete Curbs                  |            |             |            |            |        |            |            |             |            |            |
| 5 Concrete Sidewalks              |            | \$3,398.40  |            |            |        |            |            |             |            |            |
| 6 Storm Drains                    |            |             |            |            |        |            |            |             |            |            |
| 7 Parking Lot Lights              |            |             |            |            |        |            |            |             |            |            |
| 8 Tennis Surface Treatment        | \$3,799.90 |             |            | \$3,799.90 |        |            | \$3,799.90 |             |            | \$3,799.90 |
| 9 Tennis Court Resurfacing        |            |             |            |            |        |            |            |             |            |            |
| 10 Tennis Court Fence             |            |             |            |            |        |            |            |             |            |            |
| 11 Baseball Backstop Fence        |            |             |            |            |        |            |            |             |            |            |
| 12 Buffer Fencing                 |            |             |            |            |        |            |            |             |            |            |
| 13 Play area Fence                |            |             |            |            |        |            |            |             |            |            |
| 14 Pool Fence                     |            | \$6,210.00  |            |            |        |            |            |             |            |            |
| 15 Pool Deck                      |            | \$19,618.72 |            |            |        |            |            |             |            |            |
| 16 Pool Joint and Coping Tiles    |            |             |            |            |        |            |            |             |            |            |
| 17 Pool Resurfacing               |            |             |            |            |        |            |            | \$2,190.00  |            |            |
| 18 Pool Equipment                 |            |             |            |            |        |            |            | \$19,045.00 |            |            |
| 19 Pool Filtration                |            | \$3,600.00  |            |            |        | \$840.70   |            |             |            |            |
| 20 Pool Pumps and Strainers       |            |             |            |            |        |            |            |             |            |            |
| 21 Pool Covers                    |            |             |            |            |        |            |            |             |            |            |
| 22 Pool and Picnic Furniture      |            |             |            |            |        |            |            |             |            |            |
| 23 Playground Equipment           |            |             |            |            |        |            |            |             |            |            |
| 24 Pool House and Pavilion Roofs  |            |             |            |            |        |            |            |             |            |            |
| 25 Garage Roof                    |            |             |            |            |        |            |            |             |            |            |
| 26 Pool House and Pavilion Siding |            | \$8,601.60  |            |            |        |            |            |             |            |            |
| 27 Garage Siding                  |            |             |            |            |        |            |            |             |            |            |
| 28 Toilet Room Stalls             |            |             |            |            |        |            |            |             |            | \$5,600.00 |
| 29                                |            |             |            |            |        |            |            |             |            |            |
| 30                                |            |             |            |            |        |            |            |             |            |            |
| <b>TOTAL ANNUAL EXPENDITURES</b>  | \$4,072.15 | \$41,428.72 | \$1,121.26 | \$3,799.90 | \$0.00 | \$1,961.96 | \$3,799.90 | \$21,235.00 | \$1,121.26 | \$9,399.90 |

## 8. CASH FLOW ANALYSIS SPREADSHEETS

The five pages that follow this page provide the fifty-year spread sheet calculation for all anticipated expenses from the previous sheets. These spread sheets are where we calculate the annual required contributions for each year of the 50-year study. These sheets are organized as follows:

- The top of the first page summarizes the Present Account Balance, as appropriated among the reserve component categories.
- All sheets list each year by both consecutive year number from the beginning study date, and by calendar year. Note: if your fiscal year is not the calendar year, the calendar year date will be the year when your fiscal year ends.
- Below the dates, we summarize the Total Annual Expenditures in current dollars for each category in each year of the study.
- In the next field, we start the top of each column with the Beginning Year Balance for each year.
- The next line, shown in red numbers are the total expenditures each year. Note that these figures have been *escalated annually based on the projected inflation rate* that we have established for this study. These annual expenditures are subtracts from the beginning year balance.
- The next line, shown with a green background, provides the Target Annual Contribution which we have calculated using formulas in the study. This is the amount that we recommend that you contribute each year.
- Below that line, we add any estimated Investment Income On Prior Year Balance. This means any interest earned on savings, or returns on investment of your funds on deposit.
- The line below this computes the estimated End Of Year Balance in each year.
- The very bottom line, takes the minimum account threshold, which we have set at the beginning of the report, and displays what that number becomes over time, as it is escalated by inflation. The number in each year is the minimum allowable balance in that year. In the year where the account is drawn down to this minimum balance, the End of Year Balance should equal this number.

# CASH FLOW FUNDING PLAN WITH MINIMUM ACCOUNT THRESHOLD

| Williamsburg Bluffs                                        |             | 1           | 2           | 3           | 4           | 5           | 6           | 7           | 8           | 9          | 10   |
|------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------|
|                                                            |             | 2010        | 2011        | 2012        | 2013        | 2014        | 2015        | 2016        | 2017        | 2018       | 2019 |
| PRESENT ACCOUNT BALANCE                                    | \$44,663.65 |             |             |             |             |             |             |             |             |            |      |
| YEARS 1 THROUGH 10                                         |             |             |             |             |             |             |             |             |             |            |      |
| TOTAL ANNUAL EXPENDITURES                                  | \$2,234.21  | \$3,799.90  | \$6,961.26  | \$3,799.90  | \$21,235.00 | \$7,288.26  | \$3,799.90  | \$0.00      | \$1,961.96  |            |      |
| GRAND TOTAL ANNUAL EXPENDITURES                            | \$2,234.21  | \$3,799.90  | \$6,961.26  | \$3,799.90  | \$21,235.00 | \$7,288.26  | \$3,799.90  | \$0.00      | \$1,961.96  |            |      |
| BEGINNING YEAR BALANCE                                     | \$44,663.65 | \$55,869.11 | \$69,890.85 | \$71,868.49 | \$77,316.34 | \$83,683.54 | \$85,256.69 | \$81,118.14 |             |            |      |
| TOTAL ANNUAL EXPENDITURES<br>(FUTURE VALUE WITH INFLATION) | \$2,234.21  | \$3,875.90  | \$7,387.34  | \$4,113.13  | \$23,445.16 | \$8,207.76  | \$4,364.89  | \$0.00      | \$2,344.72  |            |      |
| + TARGET ANNUAL CONTRIBUTION<br>(WITH ANNUAL ESCALATION)   | \$7,836.94  | \$7,993.68  | \$8,153.55  | \$8,316.82  | \$8,482.95  | \$8,652.61  | \$8,825.66  | \$9,002.18  | \$9,182.22  | \$9,365.86 |      |
| + INVESTMENT INCOME                                        |             |             |             |             |             |             |             |             |             |            |      |
| ON PRIOR YEAR'S BALANCE                                    | \$5,602.73  | \$838.04    | \$912.37    | \$1,048.36  | \$1,159.75  | \$955.25    | \$978.85    | \$1,063.09  | \$1,121.677 |            |      |
| END OF YEAR BALANCE                                        | \$55,869.11 | \$60,824.93 | \$69,890.85 | \$71,868.49 | \$77,316.34 | \$83,683.54 | \$85,256.69 | \$81,118.14 | \$89,356.06 |            |      |
| MINIMUM ACCOUNT THRESHOLD<br>ESCALATED ANNUALLY            | \$8,035.94  | \$8,196.66  | \$8,360.59  | \$8,527.81  | \$8,698.36  | \$8,872.33  | \$9,049.78  | \$9,230.77  | \$9,415.39  | \$9,603.69 |      |

**NOTES:**

The projected annual inflation factor (for construction costs) used in this report is: \_\_\_\_\_ 2.00%  
 The projected annual return on your reserve funds (interest or investment) is: \_\_\_\_\_ 1.50%  
 This study assumes that your annual contribution to reserves will be increased by: \_\_\_\_\_ 2.00% every year.

# CASH FLOW FUNDING PLAN WITH MINIMUM ACCOUNT THRESHOLD

| YEARS 11 THRO UGH 20                                               | 11<br>2020  | 12<br>2021  | 13<br>2022   | 14<br>2023   | 15<br>2024   | 16<br>2025   | 17<br>2026  | 18<br>2027  | 19<br>2028  | 20<br>2029  |
|--------------------------------------------------------------------|-------------|-------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|
| <b>TOTAL ANNUAL EXPENDITURES</b>                                   | \$3,799.90  | \$10,324.70 | \$1,121.26   | \$3,799.90   | \$0.00       | \$30,357.46  | \$36,627.02 | \$0.00      | \$1,961.96  | \$25,034.90 |
| <b>ANNUAL TOTAL EXPENDITURES</b>                                   | \$3,799.90  | \$10,324.70 | \$1,121.26   | \$3,799.90   | \$0.00       | \$30,357.46  | \$36,627.02 | \$0.00      | \$1,961.96  | \$25,034.90 |
| <b>BEGINNING YEAR BALANCE</b>                                      | \$89,356.06 | \$95,617.53 | \$93,958.57  | \$103,855.06 | \$110,665.67 | \$122,666.33 | \$94,196.67 | \$56,087.00 | \$67,901.91 | \$77,311.36 |
| <b>ANNUAL TOTAL EXPENDITURES<br/>(FUTURE VALUE WITH INFLATION)</b> | \$4,632.06  | \$12,837.47 | \$1,422.02   | \$4,915.58   | \$0.00       | \$40,857.14  | \$50,281.05 | \$0.00      | \$2,802.16  | \$36,471.12 |
| <b>+ TARGET ANNUAL CONTRIBUTION<br/>(WITH ANNUAL ESCALATION)</b>   | \$9,653.18  | \$9,744.25  | \$9,939.13   | \$10,137.91  | \$10,340.67  | \$10,547.49  | \$10,758.43 | \$10,973.60 | \$11,193.08 | \$11,416.94 |
| <b>+ INVESTMENT INCOME</b>                                         |             |             |              |              |              |              |             |             |             |             |
| <b>ON PRIOR YEAR'S BALANCE</b>                                     | \$1,340.34  | \$1,434.26  | \$1,409.38   | \$1,558.28   | \$1,659.99   | \$1,839.99   | \$1,412.95  | \$841.31    | \$1,018.53  | \$1,159.67  |
| <b>END OF YEAR BALANCE</b>                                         | \$95,617.53 | \$93,958.57 | \$103,885.06 | \$110,665.67 | \$122,666.33 | \$94,196.67  | \$56,087.00 | \$67,901.91 | \$77,311.36 | \$53,416.84 |
| <b>MINIMUM ACCOUNT THRESHOLD<br/>ESCALATED ANNUALLY</b>            | \$9,795.77  | \$9,991.68  | \$10,191.52  | \$10,395.35  | \$10,603.26  | \$10,815.32  | \$11,031.63 | \$11,252.26 | \$11,477.30 | \$11,706.85 |

NOTES:



**CASH FLOW FUNDING PLAN WITH MINIMUM ACCOUNT THRESHOLD**

| YEARS 31 THRU UGH 40                                       | 31           | 32           | 33           | 34           | 35          | 36           | 37           | 38           | 39           | 40           |
|------------------------------------------------------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
|                                                            | 2040         | 2041         | 2042         | 2043         | 2044        | 2045         | 2046         | 2047         | 2048         | 2049         |
| TOTAL ANNUAL EXPENDITURES                                  | \$1,121.26   | \$15,624.60  | \$0.00       | \$22,356.26  | \$3,799.90  | \$0.00       | \$9,628.96   | \$3,799.90   | \$0.00       | \$30,357.46  |
| ANNUAL TOTAL EXPENDITURES                                  | \$1,121.26   | \$15,624.60  | \$0.00       | \$22,356.26  | \$3,799.90  | \$0.00       | \$9,628.96   | \$3,799.90   | \$0.00       | \$30,357.46  |
| BEGINNING YEAR BALANCE                                     | \$87,127.97  | \$100,599.42 | \$87,720.01  | \$103,804.83 | \$77,452.42 | \$86,529.52  | \$103,500.47 | \$101,397.46 | \$111,318.23 | \$129,620.32 |
| ANNUAL TOTAL EXPENDITURES<br>(FUTURE VALUE WITH INFLATION) | \$2,031.00   | \$28,867.84  | \$0.00       | \$42,973.90  | \$7,450.37  | \$0.00       | \$19,641.99  | \$7,906.40   | \$0.00       | \$65,716.14  |
| + TARGET ANNUAL CONTRIBUTION<br>(WITH ANNUAL ESCALATION)   | \$14,195.53  | \$14,479.44  | \$14,769.03  | \$15,064.41  | \$15,365.89 | \$15,673.01  | \$15,986.47  | \$16,306.20  | \$16,632.32  | \$16,964.97  |
| + INVESTMENT INCOME                                        |              |              |              |              |             |              |              |              |              |              |
| ON PRIOR YEAR'S BALANCE                                    | \$1,306.92   | \$1,508.99   | \$1,315.80   | \$1,557.07   | \$1,161.79  | \$1,297.94   | \$1,552.51   | \$1,520.96   | \$1,669.77   | \$1,944.30   |
| END OF YEAR BALANCE                                        | \$100,599.42 | \$87,720.01  | \$103,804.83 | \$77,452.42  | \$86,529.52 | \$103,500.47 | \$101,397.46 | \$111,318.23 | \$129,620.32 | \$82,813.45  |
| MINIMUM ACCOUNT THRESHOLD                                  | \$14,556.00  | \$14,847.12  | \$15,144.06  | \$15,446.94  | \$15,755.88 | \$16,071.00  | \$16,392.42  | \$16,720.27  | \$17,054.67  | \$17,395.76  |

NOTES:

# CASH FLOW FUNDING PLAN WITH MINIMUM ACCOUNT THRESHOLD

| YEARS 21 THRU UGH 30                                               | 21          | 22          | 23          | 24          | 25          | 26          | 27          | 28          | 29          | 30          |
|--------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                                                    | 2030        | 2031        | 2032        | 2033        | 2034        | 2035        | 2036        | 2037        | 2038        | 2039        |
| <b>TOTAL ANNUAL EXPENDITURES</b>                                   | \$272.25    | \$40,137.98 | \$3,799.90  | \$0.00      | \$1,121.26  | \$4,921.16  | \$0.00      | \$7,801.96  | \$3,799.90  | \$2,560.00  |
| <b>ANNUAL TOTAL EXPENDITURES</b>                                   | \$272.25    | \$40,137.98 | \$3,799.90  | \$0.00      | \$1,121.26  | \$4,921.16  | \$0.00      | \$7,801.96  | \$3,799.90  | \$2,560.00  |
| <b>BEGINNING YEAR BALANCE</b>                                      | \$53,416.84 | \$65,458.82 | \$17,483.11 | \$23,986.53 | \$36,704.39 | \$48,056.71 | \$53,561.21 | \$67,479.10 | \$68,550.99 | \$76,607.83 |
| <b>ANNUAL TOTAL EXPENDITURES<br/>(FUTURE VALUE WITH INFLATION)</b> | \$404.55    | \$60,836.78 | \$3,874.57  | \$0.00      | \$1,803.47  | \$8,073.68  | \$0.00      | \$13,317.05 | \$6,615.72  | \$4,546.16  |
| <b>+ TARGET ANNUAL CONTRIBUTION<br/>(WITH ANNUAL ESCALATION)</b>   | \$11,645.28 | \$11,878.18 | \$12,115.74 | \$12,358.06 | \$12,605.22 | \$12,857.33 | \$13,114.47 | \$13,376.76 | \$13,644.30 | \$13,917.18 |
| <b>+ INVESTMENT INCOME</b>                                         |             |             |             |             |             |             |             |             |             |             |
| <b>ON PRIOR YEAR'S BALANCE</b>                                     | \$801.25    | \$981.88    | \$262.25    | \$389.80    | \$550.57    | \$720.85    | \$803.42    | \$1,012.19  | \$1,028.26  | \$1,149.12  |
| <b>END OF YEAR BALANCE</b>                                         | \$65,458.82 | \$17,483.11 | \$23,986.53 | \$36,704.39 | \$48,056.71 | \$53,561.21 | \$67,479.10 | \$68,550.99 | \$76,607.83 | \$87,127.97 |
| <b>MINIMUM ACCOUNT THRESHOLD<br/>ESCALATED ANNUALLY</b>            | \$11,940.99 | \$12,179.81 | \$12,423.40 | \$12,671.87 | \$12,925.31 | \$13,183.82 | \$13,447.49 | \$13,716.44 | \$13,990.77 | \$14,270.59 |

NOTES:

# CASH FLOW FUNDING PLAN WITH MINIMUM ACCOUNT THRESHOLD

|                                                            | 41          | 42          | 43          | 44          | 45          | 46          | 47          | 48          | 49          | 50          |
|------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                                            | 2050        | 2051        | 2052        | 2053        | 2054        | 2055        | 2056        | 2057        | 2058        | 2059        |
| YEARS 41 THRU UGH 50                                       |             |             |             |             |             |             |             |             |             |             |
| TOTAL ANNUAL EXPENDITURES                                  | \$4,072.15  | \$41,428.72 | \$1,121.26  | \$3,799.90  | \$0.00      | \$1,961.96  | \$3,799.90  | \$21,235.00 | \$1,121.26  | \$9,399.90  |
| ANNUAL TOTAL EXPENDITURES                                  | \$4,072.15  | \$41,428.72 | \$1,121.26  | \$3,799.90  | \$0.00      | \$1,961.96  | \$3,799.90  | \$21,235.00 | \$1,121.26  | \$9,399.90  |
| BEGINNING YEAR BALANCE                                     | \$82,813.45 | \$92,368.45 | \$18,098.55 | \$33,797.59 | \$43,764.09 | \$63,151.25 | \$78,420.87 | \$89,635.72 | \$56,998.17 | \$75,227.08 |
| ANNUAL TOTAL EXPENDITURES<br>(FUTURE VALUE WITH INFLATION) | \$8,991.47  | \$93,305.78 | \$2,575.80  | \$8,903.89  | \$0.00      | \$4,782.96  | \$9,448.87  | \$53,859.25 | \$2,900.77  | \$24,804.57 |
| + TARGET ANNUAL CONTRIBUTION<br>(WITH ANNUAL ESCALATION)   | \$17,304.27 | \$17,650.35 | \$18,003.36 | \$18,363.43 | \$18,730.70 | \$19,105.31 | \$19,487.42 | \$19,877.16 | \$20,274.71 | \$20,680.20 |
| + INVESTMENT INCOME                                        |             |             |             |             |             |             |             |             |             |             |
| ON PRIOR YEAR'S BALANCE                                    | \$1,242.20  | \$1,385.53  | \$271.48    | \$506.96    | \$656.46    | \$947.27    | \$1,176.31  | \$1,344.54  | \$854.97    | \$1,128.41  |
| END OF YEAR BALANCE                                        | \$92,368.45 | \$18,098.55 | \$33,797.59 | \$43,764.09 | \$63,151.25 | \$78,420.87 | \$89,635.72 | \$56,998.17 | \$75,227.08 | \$72,231.12 |
| MINIMUM ACCOUNT THRESHOLD<br>ESCALATED ANNUALLY            | \$17,743.68 | \$18,098.55 | \$18,460.52 | \$18,829.73 | \$19,206.33 | \$19,590.46 | \$19,982.26 | \$20,381.91 | \$20,789.55 | \$21,205.34 |

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## 9. DEFINITIONS AND NOTES

### Definitions:

Cash Flow Method - A method of calculating Reserve contributions where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. See "Component Method."

Component - The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) common area responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, and 4) above a minimum threshold cost.

Component Assessment and Valuation - The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement costs for the Reserve components.

Component Inventory - The task of selecting and quantifying Reserve Components. This task is accomplished through an on-site inspection, review of association design and organizational documents, and a review of established association precedents.

Component Method - A method of calculating Reserve contributions where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

Financial Analysis - The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) is derived. The Financial Analysis is one of the two parts of a Reserve Study.

Funding Plan - An Association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund. "The Board will re-evaluate our homeowner assessment estimates for next year's budget when the Reserve Funding Plan is complete."

Physical Analysis - The portion of the Reserve Study where the Component Inventory is developed and the Component Valuation & Analysis is performed. This represents one of the two parts of the Reserve Study.

Remaining Useful Life (RUL) - Also referred to as "Remaining Life" (RL). The expected time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.

Reserve Balance - Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves.

Reserve Study - A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated "major common area expenditures."

Useful Life (UL) - Total Useful Life or Depreciable Life. The estimated time (also the frequency of replacement), in years, that a reserve component can be expected to serve its intended function in its present application or installation.

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Quantity of reserve components is determined from information provided by David Drexel of United Property Services, and from our review of records to Williamsburg Bluffs in October and November, 2009; unless otherwise provided herein.

- 2) Financial information including your present fund balance, interest from funds on deposit, and recent capital expenditures, was provided by your property manager, and are deemed reliable and complete by Design/Management Associates, Inc. The "Current Balance" of this reserve account is based upon information provided by your manager and has not been audited.
- 3) The condition of the reserve components is based on a visual inspection of each, conducted specifically for this study. All common areas on the property were observed. No destructive testing, lab analysis or other investigative methods are used to determine the remaining useful life of components.
- 4) Information provided by the Association about prior reserve replacement projects is considered to be reliable and complete. No inspection by Design/Management Associates, Inc. should be interpreted as a project audit or quality inspection.
- 5) Industry Life Expectancy is based on printed product literature, product or material warranties, industry standards literature, and on the opinions of manufacturers, installers, or maintenance contractors based on their experience with these products and materials.
- 6) Unit prices are based on published unit price standards such as R. S. Means "Residential Cost Data", Facilities Maintenance and Repair Cost Data, and "Facilities Construction Cost Data", latest editions, and on pricing obtained from contractors, installers, or manufacturers. All prices are given in present dollars unless noted otherwise.
- 7) Design Management Associates' Capital Replacement Reserve Studies are designed to be used as planning tools. They are a reflection of information provided by the Association and of our observations of the Association properties, and are assembled for the Association's use. This reserve study shall not be used for the purpose of performing an audit, quality/forensic analyses, or for background checks of historical records. Prices listed are not guaranteed as exact quotes for work included.
- 8) Disclosure - Design Management Associates does not have any professional relationship or interest in Williamsburg Bluffs beyond this work.
- 9) This study was prepared by Douglas L. Greene, AIA, RS. Mr. Greene is a registered architect in the Commonwealth of Virginia (#006174), and has a Reserve Specialist Designation (#133) from the Community Association Institute (CAI).