



CONDO Q&A

Associations should prepare for disaster in advance



Joe Adams

SPECIAL TO THE NEWS-PRESS

We are now over a month past Hurricane Irma. While it certainly could have been significantly worse for Southwest Florida, many community associations are still working through a variety of difficult issues, including processing insurance claims, continuing clean up, and property restoration.

While immediate attention must be paid to those issues, now is also a good time for associations to work on developing disaster preparedness and response plans for the future, or refining current plans based on what has been learned from this hurricane.

Steps that community associations can take to prepare for major casualties, such as hurricanes, tornadoes and fires, include reviewing what coverage is actually provided by your insurance policies, consideration of having flood insurance, and preparation of disaster preparedness and response plans. Now is the time. I have found that when years go by with no major hurricanes, people tend to lose focus on the importance of good planning.

Section 718.111(11)(d) of the Florida Condominium Act requires a condominium association to use its best efforts to obtain and maintain "adequate insurance" to protect the association, the association property, the

common elements, and the condominium property. The condominium statute does not specifically require flood insurance. In fact, the law states that a condominium association "may also obtain ... flood insurance," implying that flood insurance is permissive, rather than legally required.

For condominiums located within designated flood hazard areas, flood insurance could be considered mandatory by the "adequate" insurance requirement of the statute. If flood damage occurs, not only the structure of the building may be damaged, but the electrical system, plumbing, and other utilities may have to be replaced in their entirety.

In a high-rise condominium building, unit owners on higher floors often forget that they also own a share of the lower floors. Further, windstorm insurance does not cover damage due to flooding, and vice versa. This could result in associations being underinsured in the event of damage due to both wind and flood. Further, a high percentage of flood claims occur outside of flood zones, so every association should take a hard look at this issue.

The Florida Homeowners' Association Act, Chapter 720 of the Florida Statutes, imposes almost no insurance requirements on homeowners' associations. The scope of required coverage and types of insurance required will be dictated solely by the governing documents.

For attached structures, such as townhouses or villas, the difference between good and bad documents can mean the difference between financial success and disaster. Talk to your insurance agent and attorney to make sure the documents actually say what you want them to say, and are consistent with how you are in-

suring.

Associations should develop guidelines as to what actions will be done both before and after a disaster occurs. Before a disaster, associations should ensure that important documents, such as insurance policies and association records, are secured in a safe place, including having such documents online, designating an out-of-state contact for the association, and taking photographs and videos to document property conditions for insurance purposes.

After a disaster occurs, associations should rely on established relationships with contractors to perform emergency repairs. Associations should assemble a list of post-disaster contacts such as board members, managers, attorneys, engineers, insurance agents, insurance adjusters, and so forth. There are, unfortunately, some opportunists and charlatans who chase these storms.

Associations should develop a program to keep owners informed regarding the status of association matters, for instance by email updates or posting on a website. Many association-owner disputes arise from these events. Some could be avoided with a little communication.

Hopefully, it will be a long time before we have to deal with these issues again. However, we certainly cannot count on it and should let Irma serve as a wake-up call that an ounce of prevention is often worth a pound of cure.

Joe Adams is an attorney with Becker & Poliakoff, P.A., Fort Myers. Send questions by email to jadams@bplegal.com. Past editions may be viewed at floridacondohoalawblog.com.

Briefs

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technology, a fitness center, spa and restaurants. Studio+ is the architect of record.

Transactions

Plaza 41, a 26,820-square-foot property on the corner of North Cleveland Avenue and North Key Drive in North Fort Myers, sold for \$1.9 million. Nick DeVito II and Joanna Ginder of Ian Black Real Estate represented the sellers, 600 Plaza 41 LLC. Jim Boback of Boback Commercial Group represented the buyer, BJ&S Properties LLC, a private investor from Florida's east coast.

RE/MAX Realty Group reported these deals:

R & S Inc. purchased a 23,640-square-foot professional office building at 17595 U.S. 41 S. from Michael J. Frye of Alico Lakes Commons LLC for \$2,758,800. (Michael J. Frye and Coleen Frye)

Hot Dogs and More 1899 Del Prado Blvd. Cape Coral FL LLC: Nathan's Hot Dog purchased an outparcel at 1899 Del Prado Blvd., Cape Coral from DEL PRADO FEC LLC for \$683,635. (Hal Arkin of the Frye Commercial Group)

Sherrad-Heost Investment Properties LLC purchased 6,000 square feet at 5244-5246 Clayton Court from Bank of the Ozarks for \$587,500. (Pam Wittenauer)

PMI Properties LLC purchased 2 acres of industrial land at 1641 Benchmark Ave. from Robert and Francine Wilenius for \$235,000. (Pam Wittenauer)

Home Performance Alliance leased 1,465 square feet at 6360 Presidential Court, Suite 3 from Prez Property LLC. (Pam Wittenauer)

Home Performance Alliance leased 1,500 square feet at 877 N.E. 27th Lane, Unit 9, Cape Coral from Floratex Investments LLC. (Pam Wittenauer)

Robert Wilenius leased 1,140 square feet at 2861 Work Drive, Unit 2 from Ozinus Palmetto LLC. (Pam Wittenauer)

Alico Lakes Commons leases: All of the following lease were negotiated by Michael J. Frye and Coleen Frye for 17595 U.S. 41 S. Foster Associates Consultants LLC leased 1,434 square feet; Joeshph A. Valvo, CPA leased 165 square feet; Fairway Independent Mortgage Corp. leased 134 square feet; and Spectra Ventures PLLC and Eugene Pavoutine leased 106 square feet.

HOUSING

Long-term mortgage rates rise for 2nd week, to 3.91%

CHRISTOPHER S. RUGABER
ASSOCIATED PRESS

WASHINGTON - Long-term mortgage rates rose for a second straight week as the average 30-year fixed mortgage rate increased to 3.91 percent, from 3.85 percent a week ago.

Mortgage buyer Freddie Mac says the 15-year home loan, frequently used by homeowners who refinanced their mortgages, also jumped, rising to 3.21 percent, from 3.15 percent.

Mortgage rates have picked up a bit in the past month. The average 30-year rate fell to 3.78 percent in early September, its lowest level this year.

Rates on home loans typically track the yield on 10-year Treasury notes, which have increased in recent weeks. Federal Reserve policymakers indicated in a meeting last month that they are likely to raise short-term rates for the third time this year in December, a move that can also lift longer-term rates.

To calculate average mortgage rates, Freddie Mac surveys lenders across the country between Monday and Wednesday each week. The average doesn't include extra fees, known as points, that most borrowers must pay to get the lowest rates. One point equals 1 percent of the loan amount.

The average fee for a 30-year mortgage was unchanged from last week at 0.5 point. The fee on 15-year



Real estate agent Lauren Newman prepares to show a home for sale in Mount Pleasant, S.C. Freddie Mac reported Thursday that long-term U.S. mortgage rates rose for a second straight week. CHUCK BURTON/AP

loans also remained at 0.5 point.

Rates on adjustable five-year loans slipped to 3.16 percent from 3.18 percent last week. The fee was unchanged at 0.4 point.

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