

Q&A from BOD Meeting held on April 21, 27 and 29, 2021.

Who did the audit? (Auditor's name) *Carr, Riggs, & Ingram*

Who audits the financials? *Carr, Riggs, & Ingram.*

Get rid of flyers and mailings and any other non-essential expense. *We do not mail any flyers.*

Can we get detailed salary figures for each employee at the HOA? *Total 2021 budgeted salaries are \$586,520 for the staff of 14.*

How many residents have been displaced by the incident and why does there seem to be no sense of urgency to repair their homes so they can return? *Management, board, and insurance agent have been working tirelessly to process the claim, the fact that a major carrier went bankrupt was not foreseeable to anyone, including the insurance industry as a whole, this was an unprecedented bankruptcy. While the receivership parties are figuring out the claim, we are looking at independent adjusters to re-inspect and determine what CRCA needs to repair.*

What is the brokers commission on that policy? *He took 50% off his normal commission.*

I never saw an email with questions and answers from the last meeting we had? Did that get sent and I missed it? If not, can we include in the Q&A from this email? *They were posted on Craig Ranch Living.*

What is "end of year"? *June or December? December each year. Our fiscal year end is December 31.*

I'm a licensed insurance adjuster and claim adjuster. Add up all the costs that you have right now (outstanding claims, premiums, etc.)- and put that on your balance sheet as a 2021 EXPENSE. My recommendation is to project the insurance premium cost for the next 5 years and make that a one-time assessment. *There is not a carrier that would quote/ project out 5 years in advance.*

Can this be claimed via loss of assessment coverage? *Consult with your personal carrier for this type of claim.*

Who is the HOAs law firm? *We are not contracted with any one legal firm at this time; Henry, Oddo, Austin, & Fletcher handle assessment collections of past due amounts.*

What are the surrounding neighborhoods doing? *They are going through the same process. The Retreat, 17 Green, Settlement Townhomes, and Hemingway were all covered by AmCap.*

What type of claim coverage is the HOA providing to any Homeowner that sustained damage from the storm? *We sent the letter from the Florida Department of financial services notifying us of the receivership and directed all owners to give the letter to their personal carrier as the bankruptcy makes them the primary policy. Once the Florida receivership completes liquidation, all claims will be sent to the Texas Guaranty Fund to be processed. There is a \$300K cap for each claim under this fund and we are uncertain as to what will be recovered.*

Why are we "riskier" than other communities that would have had claims as well. *Hemingway has \$82M in assets that need to be insured, which makes us unique. We have found that insurance carriers are reluctant to take on such large properties.*

How is that different than everyone covering their own? *This was explained in detail, but basically you would not want to rely on your neighbor to insure part of the building you live in.*

Hi! My kids don't have a home because of you. *CRCA, the board, management, nor the agent had anything to do with AmCaps insolvency. Your personal insurance should cover your losses until the Guaranty Fund reviews the claim. Refer to Section 11.8 and 12.1 of the Hemingway documents.*

So where did all our money go that we paid for insurance? *To the insurance coverage for the months you were covered, we will file for any unearned premiums. At the time of AmCap's receivership, there were approximately two month of unearned premiums that had been paid. We will attempt to recoup these premium payments from the Texas Guarantee Fund.*

How many homes were damaged and what type of damage was done? If everything from the walls inside must be covered by the Homeowners Policy what is the HOA paying for? *The main structure from the studs out. Your personal policy covers from the studs in as well as your personal effects, etc.*

How much was in reserve prior to AmCap going under? *We do not have information on AmCap's reserve position.*

Please provide the website again. *Office of public insurance council: opic.texas.gov*

Can you please give me a thorough explanation of how this isn't a giant scam??? *AmCap was the carrier for Hemingway since 2018, they were "A" rated when coverage was placed, they paid the 2019 hail claim and were still "A" rated when the 2020/2021 policy was placed. CRCA was not responsible for their insolvency and we immediately went out into the market to obtain replacement insurance.*

Why was the clubhouse a priority to fix? *It was not, we dried out the structure in order not to incur additional damage as required by our insurance policy.*

The documents require Hemingway to maintain insurance up to building standard. The insurance company you picked went belly up. The HOA is responsible for repairing our home, it was completely destroyed. AmCap was the carrier for Hemingway since 2018, they were "A" rated when coverage was placed, they paid the 2019 hail claim and were still "A" rated when the 2020/2021 policy was placed. CRCA was not responsible for their insolvency and we immediately went out into the market to obtain replacement insurance.

How are you fixing the clubhouse!!?? With what \$\$\$\$??? *-This is to be determined.*

If I pay the \$1029.62 in full, do my monthly dues stay the same? *Yes.*

How is the clubhouse on the same claim? *Work started there before any home was Inspected. As we stated in the several emails, we recommended to take any measures to mitigate the damage to your homes and keep the receipts, which is what CRCA did at your clubhouse.*

Exactly why do we pay?! *Your mortgage lender requires coverage.*

For the residents with freeze damage are they renting house or owners? My neighbor is renting, and he did not even cover his faucets during the freeze. *Two were lease properties and 8 were owners of the lot.*

Why was there already a sliding 10% increase planned for next year in place prior to this issue? We ask all the carriers what they project the costs to be for the following year and budget accordingly. They projected a 10% increase for the 2021/2022 policies.

Why can't we group everything together for one assessment? That way we can file on our insurance. Our apologies, question is not clear.

Why HOA is responsible for individual house owner's loss? Like the Tour community at Craig Ranch. They are not single-family homes and are self-insured.

So, if we can't afford the monthly HOA fee which is higher than any other HOA I have heard of, we can't sell our home because nobody is going to pay that for a townhome community. We understand and are closely watching the financials, we are also looking to see if we can separate insurance assessments from the base assessment moving forward.

Yes, to Millie's question on \$1029.82 and can it be split in 1/3's to over a few months like the hail assessment? You can request a 7-month payment plan and pay with monthly assessment or pay in one lump sum. As with other payment plans, there is an administrative fee associated if you choose this option.

What \$35k commission when he failed at his job? See answer above on responsibility.

What will the \$396 cover? Just insurance? Not sure what \$396 figure is referring to, the monthly assessment in \$249.

Did the insurance company pay claim for clubhouse? No.

Who paid for removing the clubhouse sheet rock? This was paid from Hemingway budget and we filed the receipt with the insurance claim for reimbursement.

It was the HOAs responsibility to maintain the club house even during a freeze event...who is responsible for this failure? The Clubhouse was winterized as is normal for a freeze event, the power outage combined with the freeze event was unprecedented.

If I understood this wrong, please excuse me, but how was it decided to include which properties to include in the claim, which the owners need to go to their insurance carriers? We sent out communication asking you to contact CRCA insurance agent and send in all receipts for any mitigation steps you took if you had damage so you would be included in the CRCA claim.

Can we get detailed salary figures for each employee at the HOA? See answer above.

How much did insurance go up per unit? \$1,029.62 for remainder of 2021.

Then cut budget dollars in other areas....is there not an incidentals budget line item. No, we look at every line item and budget conservatively.

What actions were taken to prevent the water damage? I saw the clubhouse damage firsthand hours after the water was found. There was a lot of water damage. Was someone checking in on the clubhouse? See answer above.

There must be a way to revise the document so that individual owners can get their own insurance. There must be a way. We are exploring all possibilities, if you have a suggestion, please let us know.

What is the breakdown of the million-dollar claim? We do not have the breakdown, nor the total of the claim, they filed for receivership before they delivered the inspectors report.

Is HOA assessment going to increase for SFA properties as well if we are not in the townhome community? Not due to this event.

The governing documents does say homeowners are responsible for personal property and HOA is responsible for maintaining up to building standard. Your comments on this topic are misleading. See Section II.8 and 12.1 of the Hemingway documents which state who is responsible for insuring what portion of the structure.

How much is in our reserve? We should have a Reserve built up. As of 3/31/21 the reserve balance was \$575,604.00.

What is our "reserve" currently at right now? See above answer.

You said that there were 5 companies covering our new Insurance, what will each Insurance company cover? Westchester Surplus- \$2.5M; Landmark \$2.5M in excess of \$2.5M; Colony Ins. \$5M excess of \$5M; Lloyds of London \$5M excess of \$5M; Homeland \$67,013,830 excess of \$15M.

Do you believe that by exposing us to these absurd and inconceivable rates, you are inevitably subjecting us to repercussions that will in essence reverberate forever?? We are not causing these rates to rise; it is driven by the losses and the market environment.

That happened to other townhome communities too even local run by CMA Management. Answered above. This affected communities from Texas to Florida.

Our short-term issue is that we don't have a home. Rhonda has been aware since Feb 17th. It is HOAs responsibility to correct this retroactive issue for us and the other impacted homeowners not just fix the prospective lack of insurance. We have been and will continue to follow up on this claim as soon as we have any new information, we will pass it along.

Pecan Park are townhomes run by CMA and all roofs were replaced their insurance has not increased it's at \$250/mo. I do not know what claims they have filed, but they only have 108 townhomes, so their property value is much less than Hemingway.

Give us details on the 5 companies covering our insurance and what they are covering. See above answer.

What is the process of having an independent auditor look at the last 5 years of spending, budget, and insurance? The financials are audited each year.

So \$282k on landscape improvement? Yes, on the Master level from the Enhancement Fund.

Why are we paying for neglected landscape? Who's ensuring things aren't neglected? Please contact Brandy Hotchkiss on what landscape is neglected and she will follow up with C & B.

When will we be returning to in person Meetings? Zoom does not work. I will say better than nothing, but in person like we had before is much better. As soon as possible, we agree that Zoom is not ideal.

Who is in control of the screen share? Can we please have the onscreen document align with the discussion instead of all the scrolling up and down? Zoom is not ideal; we hope to resume in person meetings next month.

When will the Hemingway owners get the insurance adjustors report for the 2021 damage - & is there a way to stop grouping the insurance at the HOA level - if it's gotten that expensive? As soon as the Texas Guaranty Group receives the information from Florida, they will send it to us. No one can give us a timeline. We are still researching other insurance options.

How about a townhall to discuss the Hemingway insurance issue - and brainstorm for solutions? Please contact your SAC to organize a townhall.

Budgets start at Service Area level. Get involved. We will be contacting the SAC to set-up budget review meetings. We welcome owners who want to be part of the solutions.

I feel the rules should be reviewed every 5 years, after all, would you be happy if you had to use the phone you had in 2001 now? The DRC is currently reviewing the design guidelines.

Why should we be told what plants we want to plant? The Design Guidelines cover trees & shrubs, smaller plants and flowers are owner's choice.

Can we see the landscape project list and how do we get to know about these decisions? Yes, in the Telegram each month there is an article on "Your assessment dollars at work", which highlights the projects in pictures of before and after and attending board meetings is the best way to see what is proposed and voted on.

Are there alternative to Bermuda or St. Augustine where large trees shade turf? Yes, the DRC has approved Crushed Granite & Zytosia grass in some heavily shaded areas.

When will we get new design guidelines? A complete review and re-write where needed is underway, the top issues of wrought iron screening, trash can enclosures, puppy bars and artificial turf are currently being reviewed by CRCA legal counsel and we will post on the CR Living website for comments before the Board official adopts these guidelines. These are being done now as these issues are the ones that are not clear and are slowing the DRC process.

Was it CMA's legal fees? It is not in reference to CMA's legal fees. CMA has their own legal counsel apart from any of Craig Ranch. In addition, this stemmed from events before CMA took over. We have only been here since July of 2020.

When can we see the insurance policies? They are usually provided within about 30 days after insurance is bound and the down payment is made.