

April 12, 2023

Dear Owners:

Over the last several weeks, the Board has been working to finalize the annual budget, as well as prepare for our building's insurance renewal. This letter is to help explain the process and the plan going forward.

Our 2022 insurance premium cost was \$479,920. We anticipated an increase for 2023 of around \$600,000. However, when we received our premium renewal, the cost had increased by 234% to a premium total of \$1,602,893! That's \$1.6 MILLION!

We were informed that the reason for the drastic increase related to four factors:

1. Baldwin County/Dauphin Island is now categorized as "high risk" along with the hardest hit areas of Florida
2. Last year's storms, wildfires and other natural disasters, along with 8-12% inflation has meant that insurance premiums have skyrocketed
3. We pay an additional upcharge for being a barrier island with one route on/off
4. Increased appraised value of our property which is now \$62,509,653

That leaves us with a deductible exposure of \$3.125M. So, how do we pay for it??

The Board worked thru several options to find the best solution, and the result was to remove the insurance premium from the monthly assessment. By leaving the insurance premium IN the monthly assessment, it would have increased HOA dues by more than double. And, insurance is something that we cannot control; we are at the mercy of the providers.

The result of this choice is owners will be assessed the insurance premium, due in full on or before 5/15/23. Our insurance assessment is calculated by unit size, per our Declaration document:

\$14,840 - 3/3 + Unit 100

\$11,683 - 3/2

\$9,630 - 2/2

Owners will receive an invoice/statement from Finite Business Solutions, reflecting the details of this letter. Owners may make payment on Finite Owner Portal via one-time auto draft, e-check or via credit card. Failure to pay in full by 5/15/23 will result in a late fee and penalty. The late fee will be \$175/month and the penalty will be \$200/month until the balance is paid in full. This is because of the interest we are required to pay to spread these payments out past the due date (Declaration 3.04).

Respectfully,

Board of Directors