

Dear Peppertree Atlantic Beach II Homeowners, Recently, due to the situation occurring within Peppertree Atlantic Beach I, your board of directors hired an engineer and architect to inspect the stairwells and walkways surrounding buildings 15-25 and prepared a report outlining any necessary repair work and the feasibility of repair versus replacement of those structures. This report detailed the current deficiencies within those structures that will need to be repaired or replaced to bring the structures up to current building codes. Unfortunately, during the process of working with the engineers on a plan, the Town of Atlantic Beach building inspector became aware of the situation and obtained a copy of this report. While there was nothing in the report stating the buildings are currently unsafe (a point reinforced by the architect to the Town in an email), this report was used by the Town building inspector against the association and on Monday, July 20, the Town building inspector posted "unsafe" notices around the buildings to begin the condemnation process on those structures. To be clear this is only on the stairs and walkways and not the actual buildings. The Association has appealed the Town's decision.

Unfortunately, complicating what is already a very difficult situation is the general liability insurance for the Association. Due to the many easements that exist between the associations for the common areas, the three associations have shared one general liability policy. As a result of the posting by the Town building inspector the insurance company exercised its right to issue a 30-day cancellation notice. We have been told by our insurance broker that it will be nearly impossible to get a new policy as long as the noticed buildings are occupied. The Associations cannot run the risk of not having general liability insurance as this would be devastating to all three associations as this point. To ensure that a new policy will be obtained the board of directors has made the extremely difficult decision to close buildings 15-25 effective August 17. We will not be able to honor any existing reservations from that day until the stairs and walkways are repaired or replaced.

This decision was not taken lightly and we have exhausted every avenue to remain open while we work on a plan with our engineer. Unfortunately, the insurance situation alone forces the closure of those buildings. We understand the impact this has on your planned vacations and we are deeply saddened by this set of circumstances.

At this time we do not have the complete report from the engineer to determine the scope of work, timeline and cost for the project. We hope to have that report in the next 30-45 days. Once we have a completed study and an approved plan we will share that with the members of the association.

Your board of directors is dedicated to the safety of our owners and the long-term enjoyment of the property.

Your Board of Directors